

FINANCIAL TIMES

Weekend November 12/November 13 1988

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WORLD NEWS

Bundestag Speaker quits over speech

The West German Government was trying to regain credibility after the resignation of Bundestag Speaker Philipp Jenninger...

Govan probe ordered

Labour leader Neil Kinnock ordered an inquiry into the Govan by-election result...

King's Cross study

The Crown Prosecution Service confirmed it was studying papers relating to the King's Cross fire disaster...

Emergency jails to close

Two temporary prisons opened in army camps on Salisbury Plain and at Camberley, Surrey...

Czech police raid hotel

Police in Czechoslovakia raided a Prague hotel, breaking up an independent meeting attended by prominent Western academics...

South Africa's white supremacists

South Africa's white supremacist Conservative Party is restoring hard-line apartheid in many towns...

Israelis impose curfew

The Israeli army imposed an indefinite curfew on the 800,000 Arabs in the Gaza Strip...

Sri Lanka clampdown

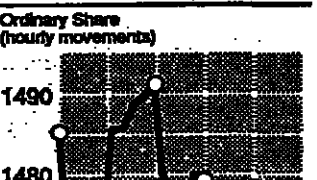
The Sri Lanka Government, in an attempt to clamp down on Marxist rebels, ruled that printing and publishing death threats were criminal acts...

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NATIONAL Semiconductor, one of Silicon Valley's biggest chip makers, predicted 'significant operating losses'...

CONTROL DATA, a US computer company, has sold 85 per cent of its local South African operations...

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TNT, Australian-based transport group, pushed first-quarter profits up 16 per cent...

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GOLDBERG, Scottish-based retailer, reported interim pre-tax profits down from 270,000 to 234,000 in the 26 weeks to September 24...

COREY town centre in Northamptonshire is for sale, with 23 acres and the 300 shops and offices on them...

False Start sets \$17m record as art world goes wild

THE HIGHEST price ever paid for a work by a living artist, \$17.05m (29.4m), was achieved at Sotheby's New York auction room on Thursday night...

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of Picasso in 1941 before moving on 20 years later to acquire the work of Johns and his American contemporaries Rauschenberg and Stella...

Dollar slide continues amid US deficit fears

By Peter Norman in London and Janet Bush in New York

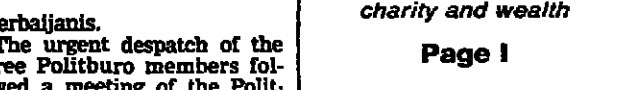
THE DOLLAR ended a miserable week sharply lower amid continuing concern yesterday that the newly-elected Bush Administration would be unable to devise credible plans to cut the US budget and current account deficits...

Politburo tackles Baltic tension

By Quentin Peel in Moscow

THREE LEADING members of the Soviet Union's ruling Communist Party Politburo flew yesterday to the increasingly turbulent Soviet Baltic republics...

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Young prohibits predator share purchases after bid referrals

By Lisa Wood

LORD YOUNG, the Trade and Industry Secretary, yesterday announced that once a bid is in future referred to the Monopolies and Mergers Commission...

Three textile plants to close

By Alice Rawsthorn

NEARLY 800 jobs will be lost in the UK textile industry as a result of plant closures by Courtaulds and Coats Vytella...

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GUINNESS FLIGHT advertisement for two bond funds with performance and potential.



OVERSEAS NEWS

# Japanese in \$5bn Soviet petrochemical venture

By Quentin Peel in Moscow

A JAPANESE-US consortium including Mitsubishi, Mitsui and Chioda yesterday signed a protocol for a joint venture with the Soviet Union to build a huge \$5bn petrochemical complex in western Siberia.

The plant, to produce engineering plastics, polymers and polypropylene, is the latest in a spate of petrochemical projects to be announced by the Soviet Ministry of Chemical Industries, with the aim of more than doubling Soviet plastics production from 6m tonnes to 14m tonnes a year by the end of the century.

The finance and construction still depend on a feasibility study to be carried out over the next six months, in which Mitsubishi and Mitsui must determine how and where they can sell enough polymers and polypropylene on the world market to finance the construction cost.

However Mitsubishi and its partners have won the contract - albeit as a joint venture - in the face of competition from other big petrochemical producers, including Occidental and Dow Chemical.

The US partner in the venture is supposed to be Combustion Engineering, already involved in the largest petro-

chemical project of all in Siberia, a \$23m synthetic rubber plant at Tobolsk.

However the US corporation yesterday refused to be formally identified with the project, in spite of the presence of top company officials at the signing ceremony. They said negotiations on the shape of the consortium were still going on.

The new plant will be at Nizhnevartovsk and will use excess natural gas currently being burned off in the Siberian oilfields as its basic feedstock.

Mr Yuri Bepalov, the Minister of Chemical Industries, said it would eventually produce 1m tonnes of plastics a year, from a complex of 15 separate plants producing different engineering plastics and polymers.

He said the Soviet side calculated that by selling 30 per cent of the output in the form of polymers on the world market, to provide the necessary foreign currency for the project, the balance of 70 per cent could be used for production of other big petrochemical projects, such as poly-carbonates and PVCs, to the Soviet market.

Mitsubishi and Mitsui will jointly be responsible for finance and marketing the output, while Chioda will be in

charge of engineering and construction, officials said. Mr Jiro Kusajima, general director of the oil, gas and chemical plant division of Mitsubishi, said the feasibility study would focus on which products have the earning power to sell on the international market.

"We know very well there are so many projects at the moment for production of polymers and polypropylene," he said. Provided the output did not exceed 3 per cent of world demand, he believed it could be sold without disturbing the world market.

Apart from the Nizhnevartovsk complex, the Soviet government has signed an agreement with Occidental, Montedison and ENI of Italy, and Marubeni of Japan to produce polypropylene, polyethylene and sulphur at Tomzhiz on the Caspian Sea. Combustion Engineering is involved in two schemes - producing synthetic rubber at Tobolsk, and benzene and detergent-based plastics at Surgut.

Mr Bepalov said the Mitsubishi-led consortium had got the latest deal because it was prepared to tackle the project as a single partner, although other companies might now be called in as sub-contractors to help build any of the 15 individual plants.

# Bonn Speaker opens old wounds

## David Marsh on the explosive impact of one insensitive speech

THE terrible history of Nazi Germany's genocide against the Jews has left countless time bombs along the Federal Republic's path towards post-war normality. By dramatically and inexplicably underestimating the sensitivity of the explosive fuse, Mr Philipp Jenninger, who resigned yesterday as president (speaker) of the West German Bundestag, has done more than shatter his own parliamentary career.

The passion over Mr Jenninger's ill-fated speech on anti-Jewish persecution has set back the Bonn government's solemn attempts to make peace with the Jewish community at home and abroad after a string of upsets earlier in Chancellor Helmut Kohl's accident-prone administration.

Mr Jenninger's clumsiness in failing sufficiently to distance himself from Nazi propaganda in his commemorative address on Thursday has opened again old wounds in West Germans' own appraisal of the Third Reich.

The man who until yesterday was constitutional deputy head of state after President Richard von Weizsäcker has needlessly revealed, before the eyes of the world, the mistrust which still exists between Germany and the Jews 50 years after the pogroms of 1938.

Worst of all - and most potentially damaging for relations with Israel - the embarrassing thoughtlessness of Mr Jenninger's remarks risk giving an additional boost to latent anti-Semitism in West Germany.

Mr Jenninger, distinguished above all for his efficient and well-meaning political manner rather than a surfeit of intellect, is patently not actively anti-semitic. His factual, dispassionately-presented hour-long speech contained nothing that would not be out of place in bar conversations up



Philipp Jenninger on his way to announce his resignation

and down the country.

Many ordinary Germans will probably be perplexed at the real reasons why he has been forced to resign. One prominent Jewish figure here, Mr Michael Fuert of the Lower Saxony community - who however is not a representative figure on the country's central Jewish council - has hinted that this could easily cause an anti-Jewish backlash in popular opinion. "Jenninger was simply saying what ordinary people feel," he said. "He was not a Jew-hater. He was a Jew-baiter."

The tragedy of the Jenninger affair is that, up to now, this week's pogrom commemorations had gone rather well for Mr Kohl. In a masterly address - which seemed to be pointed by an unusually gifted

chancellorial speech-writer - at the West German Bundestag on Wednesday, Mr Kohl succeeded in making amends for his controversial trip to SS war graves in 1985.

Now, the Chancellor has been left with a triple problem. The Jenninger resignation will overshadow this weekend's trip to the US during which he is to see prominent American Jewish leaders, as well as Mr Reagan and President-elect George Bush. It has exposed him again to a new burst of Israeli suspicions - underlined by the stinging official reaction from Jerusalem yesterday.

And Mr Kohl faces a tricky domestic conundrum in finding a replacement for Mr Jenninger, a long-time confidant who himself took over the Bundestag job four years ago.

This was after Mr Einar Barzel, the previous incumbent, was forced out by a scandal over illicit political payments by the Flick industrial group.

Mr Ignatz Bubis, the chairman of the Frankfurt Jewish community, who was in the Bundestag on Thursday to hear the Jenninger speech, said yesterday he had since read through the address six times. "There was quite a lot which he said which was right," said Mr Bubis. "But he also said that in retrospect he could understand why the Germans were fascinated (by the Nazis). He explained that the German people were right to be blinded by Hitler."

One prominent conservative historian, who asked not to be quoted, said the Jenninger speech was "stupid and insensitive. It is more than a human skin - he has done great damage to the image of the Federal Republic."

He added however that the tone of "do-gooding" which so often creeps into conciliatory German speeches over the Nazis - and which Mr Jenninger conspicuously avoided - was a positive asset. "Whatever they said, German politicians found it practically impossible to speak on the Nazi horrors without sparking offence or suspicion, the historian said.

A seasoned ambassador in Bonn commented yesterday that it was "almost incomprehensible" that Mr Jenninger's speech had not been vetted or discussed by other senior politicians in advance. Mr Jenninger clearly felt himself "overwhelmed" by the task of making the speech. "He tried to be thorough but the effort misfired," said the diplomat. "It was plainly an accident that the second man in the state should make this mistake," he said, adding, "let us hope it was only stupidity."

# Cairo police arrest chief of Islamic finance firm

POLICE in Cairo have detained the chairman of al-Rayan, one of Egypt's largest Islamic finance firms, sources in the state prosecutor's office said yesterday, Reuters reports from Cairo.

They said Ahmed Tawfik Abdel-Fatah was arrested on Thursday for questioning in connection with a law forcing more than 100 private Islamic finance companies to go public and transfer overseas funds into Egyptian banks or go out of business.

The Government earlier seized assets, funds and documents belonging to Rayan companies, key executives and family members.

Fifteen people were shot dead, 28 wounded and 2,000 detained in a national protest day called by Marxist rebels trying to overthrow the Sri Lankan government, Reuters reports from Colombo.

More than 3,000 demonstrators and a number of activists who incited workers to strike have been detained and are being questioned to determine if they are members of the Marxist People's Liberation Front (JVP), the sources said.

# Palestinian leaders grapple with details of strategy

By Andrew Gowers in Algiers

PALESTINIAN leaders were yesterday engaged in a last-minute debate on how, and whether, to modify their political strategy during the crucial meeting of the Palestine National Council which begins today.

Amid tight security at the Club des Pins conference centre just outside Algiers, senior Palestine Liberation Organisation officials were continuing to grapple with the fine print of the unilateral declaration of independence which the PNC - the Palestinians' highest decision-making body - plans to issue early next week.

Discussion is now focused on the central issue of whether and in what form to endorse United Nations Security Council Resolution 242, which calls on Israel to withdraw from territories occupied during the 1967 war. Mr Yasser Arafat, the PLO chairman, who is planning to address the UN General Assembly in the next few

weeks, wants to take with him an authoritative document which he will be able to present as an advance in the Palestinian position.

It is little to suggest that the Palestinians are much closer to resolving their old divisions on this subject, and Palestinian observers in Algiers predict that progress at this meeting will have to be measured in inches rather than yards.

Mr Bassam Abu Sharif, a close aide to Mr Arafat, told reporters that he could not predict the outcome before the Palestinians had engaged in democratic debate.

This PNC is the 19th such gathering of intellectuals, professionals, trade unionists and guerrillas from the Palestinian diaspora in the PLO's 24-year history.

Predictably absent are such hard-line anti-Arafat groups as Mr Ahmad Jibril's PFLP-GC and the splinter group led by Mr Abu Musa, who are boycot-

# Iran-Iraq peace talks adjourned

By William Dullforce in Geneva

THE break in the talks would allow for "deep reflection" in the capitals and careful preparation so that the next round could move more swiftly to implementation of UN Security Council Resolution 598, which calls for a comprehensive peace settlement.

Mr Elhasson will report on Monday to Mr Javier Pérez de Cuellar, the UN Secretary General, who presided over the first week of the latest round of talks.

After two weeks in Geneva, Mr Ali Akbar Velayati, the Iranian Foreign Minister, and Mr Tariq Aziz, his Iraqi counter-

part, achieved only an agreement negotiated by the International Committee of the Red Cross to allow the repatriation of 411 Iranian and 1,158 Iraqi prisoners of war.

These prisoners were registered with the ICRC two years ago. The names of more sick and wounded will be notified to the ICRC in the hope that they can be returned to their countries before the end of the year. But no agreement was reached for the repatriation of the rest of the 100,000 POWs held on both sides.

Deadlock persists on the withdrawal of troops to inter-

national boundaries, freedom of navigation in the Gulf and the clearing of the Shatt al-Arab waterway between the two nations, which is Iraq's main outlet to the sea.

This last item is the main stumbling block. Iraq wants priority given to dredging the waterway.

Iran insists that the work can only be carried out under the provisions of a 1975 treaty which gave it sovereignty over the eastern half of the waterway. Iraq's President Saddam Hussein tore up the treaty at the start of the Gulf war in 1980.

# Chinese quake toll

Half a million people are homeless in the aftermath of southwest China's devastating earthquake, 400,000 of them without even emergency shelter, a rescue official said yesterday, Reuters reports from Peking.

Survivors at the epicentre, close to the border with Burma, are sleeping rough and tending injured relatives in the open amid the debris of their bamboo-thatched huts, flattened by the quake five days ago.

# Hirohito 'stable'

Emperor Hirohito's condition remained serious but stable yesterday as he received family members at his bedside, palace officials said, Reuters reports from Tokyo.

The officials said the 87-year-old Japanese monarch was feverish all day. Akiako Ikeda, Hirohito's fourth daughter, who visited him yesterday afternoon, said that he appeared tired and spoke very little.

# Students return

Burma's military rulers said yesterday that 919 students who fled after the September 18 army takeover had returned to their homes, Reuters reports from Rangoon.

The ruling military council said that 1,000 still remained in the ethnic guerrilla groups from whom they had sought sanctuary.

# Refugee conference

Government officials from Australia, Canada, Japan, the US and other countries will meet in Malaysia next month to discuss the Indochinese refugee problem, a senior diplomat said yesterday, Reuters reports from Kuala Lumpur.

The meeting will be the second round of the UN High Commissioner for Refugees consultation on Indochinese refugees.

# Haughey recovers

Mr Charles Haughey, the Irish Prime Minister, is poised to make his parliamentary comeback after a serious illness last month.

Mr Haughey, 68, who has needed hospital care five times this year, first for a kidney stones condition and later for a respiratory infection, could return to the Dail next week.

He wants to be in the house to announce formally the appointment of his Finance Minister, Mr Ray MacSharry, as Ireland's new European Commissioner.

Mr MacSharry, 50 and Mr Haughey's heir apparent, is set to take over the job from Peter Sutherland, who was appointed by Dublin's previous coalition government.

# Israelis round up activists as 'independence' day nears

By Andrew Whitley in Jerusalem

EXTENSIVE precautions are being taken by the Israeli Army to prevent disturbances predicted in the occupied territories over the coming days, coinciding with a "historic" meeting of the Palestine National Council (PNC) in Algiers.

Next Tuesday - already designated "independence day" by the 1.7m Palestinians living in the territories ruled by Israel since 1967, in anticipation of such a declaration from the PNC - is expected to mark a climax of the violent protests.

The principal measure announced yesterday was the placing of the entire, 650,000 population of the Gaza Strip under a round-the-clock curfew for an indefinite period. Troop deployments on the streets are being reinforced, while armoured vehicles have

reappeared for the first time since last February.

According to the state radio, many suspected ringleaders have been arrested in the Gaza Strip and the West Bank in night-time round-ups this week. Well over 6,000 Palestinians are already under prevention detention, but the security forces seem to be taking few chances.

In the West Bank, internal movement is being severely circumscribed, along with travel to and from Jerusalem. Officially, the blanket ban on movement across the 1967 "green line", applied on three previous occasions this year, is not in force; but the practical consequences, both for Palestinians and the foreign press, are identical.

As the uprising moves into its twelfth month with little sign of any slackening of resolve - despite constant assurances to the contrary from Israeli officials - Palestinians themselves are astonished at the way in which "the Intifada" has kept going, and become institutionalised.

Daily fatalities, even of young children like the three-year-old boy killed in Gaza on Wednesday, are accepted with resignation as normal.

Privately, Foreign Ministry officials have been concerned for months about the international repercussions of a possible declaration of a Palestinian "state" by the PNC. Ahead of this weekend's meeting, Israel and the PLO struggled for months to cancel out each other's efforts to influence international opinion on the issue.

# Cautious optimism at Angola peace talks

By Michael Holman in Geneva

THE LATEST round of peace talks on the future of southern Africa began in Geneva yesterday in a mood of cautious optimism and coinciding with what may prove to be a critical gathering of leaders of Angola's Unita movement at their base in southern Angola.

The Unita meeting in Jamba is an annual event marking the anniversary of Portugal's decision to grant independence to its former colony. But it takes on a special significance against the background of the Geneva talks and intensified diplomatic efforts to persuade President Eduardo dos Santos of Angola and Dr Jonas Savimbi, the Unita leader, to settle their differences and end Angola's 13-year civil war.

In the most recent development, President dos Santos flew to Morocco for talks with King Hassan, one of Unita's leading supporters, while in Geneva Mr Anatoly Adamishin, the Soviet deputy Foreign Minister, spoke of significant steps being taken to end the conflict.

Shortly before flying to Morocco President dos Santos held talks in Moscow with President Gorbachev.

Dr Chester Crocker, the US Assistant Secretary of State for Africa who is chairing the three-day meeting here between Angola, Cuba and South Africa has made it clear that Washington expects Unita to have a role in the regional peace package designed to bring independence to Namibia. The withdrawal of 55,000 Cuban troops from Angola, and end the civil war.

# Commission to set up environment portfolio

By John Wyles in Rome

THE NEW priority which the European Community plans to attach to environmental issues will be marked by the creation of an environmental affairs portfolio in the next European Commission, which takes office next January.

Revealing his intention for the first time, Mr Jacques Delors, the Commission President, said developing new policies for dealing with environmental problems will be one of the next Commission's priorities. A special portfolio would be created for this "great task", he added.

Hitherto, responsibility for environmental policies has been combined with another portfolio in Brussels. Mr Stanley Clinton Davis, one of the two British Commissioners, now combines it with responsibility for Transport.

The need for a stronger Europe-wide attack on environmental problems was raised by the Italian Prime Minister, Mr Ciriaco De Mita, during talks with Mr Delors yesterday. As well as dealing with specific Italian criticisms of Commission proposals for developing regional aid policies, the two men also covered themes to be discussed at the EC summit in Rhodes at the end of this month.

The Italian Government requested that the summit issue a declaration designed to allay anxieties in the US and elsewhere about the risk of the Community developing protectionist policies as it opens up its internal market.

# Eight years on, IH 870's fate is still shrouded in mystery

An inquiry has been set up into the 'Ustica disaster', which Italians suspect has been covered up, reports John Wyles

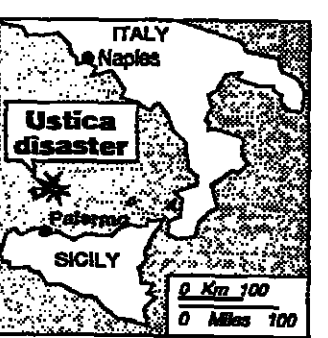
WE COULD become the world's top power but we would still be the country of mysteries," complained Mr Rino Formica after storming out of an Italian cabinet meeting on Wednesday, in protest at the cutting short of discussion on the so-called Ustica disaster.

After the Government had decided to set up a committee of inquiry into the mysterious loss of an Itavia DC-9 with 81 people aboard eight years ago, Prime Minister Ciriaco De Mita seemed to feel that little more needed to be said.

Mr Formica, a Socialist and now Minister of Labour and Minister of Transport on the evening of June 27 1980, when flight IH 870 from Bologna to Palermo, mortally crippled by an explosion, glided into the waters of the Mediterranean near the island of Ustica, north of Sicily.

Whatever had happened - early theories suggested structural failure or a bomb on board - the disaster was so sudden that the pilot was not able to issue a radio alarm.

After long years of political



which almost certainly sent them to their death.

Since the Italian defence chief, Admiral Mario Porta, expressed the military's anger at such charges last weekend, using language usually associated with coup threats in South America, the Government does not want to be seen doubting the Ministry of Defence's denials of a cover-up. Consequently, attention is again focusing on the possibility that the cause of the disaster was not an Italian-fired missile, and that some foreign air force was responsible.

The government inquiry, therefore, will need to scrutinise again details of any involvement which have been issued by the French and US forces - the latter at the Sigonella air base in Sicily. Mr Manfred Wörner, the secretary-general of Nato, completed the denials when he assured journalists in Rome on Thursday that there had been no Nato exercise in progress on June 27 1980.

Little imagination is needed to appreciate the political earthquake which could follow

a conclusion that a key ally was responsible and that the Italian military and secret services have been hiding the knowledge.

"This would imply a hitherto unsuspected level of subordination of the powers of our country to those of a foreign state," observed a commentator in La Stampa this week, leaving his readers to assume that he was referring to the US.

Since no official conclusions will be available until the Government's inquiry and the eight-year investigation by a Roman magistrate are completed, allegations of a cover-up and conspiracy theories about the Ustica disaster will continue to abound. Charges of a cover-up have been based on a four-minute gap in the radar tape registered at the military radar centre in Marsala at around 8.50pm, when the DC-9 disappeared.

Many suspect this missing tape confirms the presence of another aircraft in the vicinity. Unfortunately, none of the 14 personnel at the radar centre that evening can be interviewed because, as Minister of Defence Valerio Zanone has confirmed this week, the staffing schedule cannot be found. There are two theories as to the anonymous aircraft's possible origin and of how it came to be firing a missile.

One, put forward a week ago in a documentary by the national television service, the Rai, postulates that either an Italian or an allied aircraft was in pursuit of a radio-controlled "drone" target. Since the DC-9 was two hours behind schedule, it may have strayed into the path of a military exercise and become the unwitting target of a missile aimed at the drone.

According to the Rai, wreckage from a drone was recovered from the sea shortly after the DC-9 went down. Some of that wreckage later went missing, and that in the hands of the authorities has had its identifying national markings removed.

The second, much older, theory is linked to the discovery on July 18 1980 of a crashed Libyan MIG fighter in the hills of Calabria. A first post-mortem on the pilot said he had died long after June 27 second, reported in the Italian press but not officially confirmed, reversed this judgment and suggested that he could have died around that date.

Was this MIG being pursued by an allied fighter which shot down first the DC-9 and then the Libyan target? Or was the MIG shot down by another Libyan plane in pursuit of a defence target? The wreckage of the MIG was reportedly returned to Libya without being officially examined.

There is so much to be clarified about the Ustica disaster, so long after the event, that many doubt whether even the most determined inquiry will ever establish why the air over the southern Mediterranean was so full of peril on that summer evening eight years ago.

Published by the Financial Times (Europe) Ltd, Frankfurt Branch, represented by E.Hugo, Frankfurt/Main, and its members of the Board of Directors, P. Barlow, R.A.F. McLean, G.T.S. Dunne, M.C. Gordon, D.E.P. Palmer, London. Printer: Frankfurt/Main. Sole agent for the UK: The Financial Times, 100 Brook Street, New York, NY 10022.

FINANCIAL TIMES, US\$95 No 19040, published daily except Sundays and holidays. US subscription rates \$365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address change to FINANCIAL TIMES, 100 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Osterport, 44, Copenhagen, DENMARK.



OVERSEAS NEWS

Protests force annulment of Peruvian pay decree

By Veronica Baruffali in Lima

THE Peruvian Government has been forced by a wave of strikes and violent demonstrations to annul the decree promulgated last week fixing a ceiling on wage increases. The ephemeral decree is yet another example of the government's involuntary two-step forward-one-step-back policy, one of the main causes of its waning credibility. Striking bankers have gone back to work, providing little consolation in the face of strikes next week by 30,000 Social Security Institute workers and over 900,000 civil servants. A teachers' strike has been announced for the end of the month. The miners' strike, now into its 25th day, is costing the country an estimated \$5m (£2.5m) a day in lost export revenue. Peru is running out of time and money. The country's fiscal deficit is equal to 10 per cent of GDP, which is expected to fall by 6 per cent this year. Inflation this year is already over 900 per cent. The Central Bank has only \$60m reserves, enough to keep the country running normally for only a month. There are over 50 food-laden ships anchored off Callao, Lima's port, waiting for pay-

ment before milk and lamb from New Zealand, meat from Argentina, wheat and soy from the US, and other goods can be delivered. This explains in part shortages experienced daily in the market places by frustrated shoppers, who have to queue for hours each day to buy food. Shortages are also related to the imminent economic programme to be announced by the Finance Minister, Mr Abel Salinas, who has been working long hours with representatives of the World Bank and the IMF. Speculating shopkeepers have been preparing to hoard basic foodstuffs until the new price increases are announced. It is not only the shoppers whose tempers are short. President Alan Garcia denounced the Solidarity and Democracy political party's request for his resignation, the Saturday it was his birthday. He hoped to see his country through the good times, referring to the first two years of his administration, and the bad. Prime Minister Mr Armando Villanueva del Campo, in an infuaded speech to Congress, reaffirmed his controversial statement this week in Ayacucho that "rivers of blood

will run before the colonisers [a reference to the Right] take power in this country again". On Thursday, the Minister of Energy and Mines, Mr Jose Carrasco Tavera, accused the Archbishop of Piura and Tumbes in northern Peru of inciting violence in the area. "Listening to his sermons, one comes to the conclusion that his messages are aimed at generating more violence in our department," said Mr Carrasco. These accusations followed a sermon given last week in which Archbishop Oscar Cantuarias Pastor said that the Government's economic policy had "made the poor poorer and the rich richer". The accusations have led to a storm of protest from the Roman Catholic Church and the faithful in the north. Mr Cantuarias said they were "an affront to 900,000 Catholics in Piura and Tumbes" and that he would follow Christ and "forgive the Minister, who does not realise what he is saying." There are great hopes on all sides that Mr Garcia can guide the country safely through troubled waters until 1990, but there are also increasing fears that the country is slowly sinking to the confrontation.

Agitators to blame, says Brazil

By Ivo Dawson in Rio de Janeiro

THE Brazilian Government has blamed Wednesday's bloody confrontation between troops and striking steel workers, which left three strikers dead and dozens injured, on agitators aiming to undermine democracy. After a meeting between President Jose Sarney and senior ministers, the authorities issued statements regretting the incident but warning that the administration was determined to maintain law and order. Early yesterday, Mr Sarney used his weekly radio address to the nation to warn that "violence generates violence" and that innocent workers were being used by those intent on overthrowing democracy. The Government's conspiracy theory will cut little ice with union leaders, who believe the army was ordered in to the Volta Redonda plant in Rio de Janeiro as a warning to other striking workers around the country. Discussion has been under way among senior cabinet ministers on whether to introduce "State of Defence" emergency powers which inhibit democratic rights, in response to the confrontation.

Mexican police fire on poll demonstrators

By Richard Johns in Mexico City

THE increasingly tense confrontation between the ruling Institutional Revolutionary Party (PRI) and the National Democratic Front (FDN) over the state elections in Tabasco took an ugly turn on Thursday night as police fired on opposition demonstrators outside the town hall of Cardenas, slightly wounding an elderly man. About 300 demonstrators had been demanding the release of 36 men detained the previous night after being forced from two lorries by police, as they were carrying back boxes containing votes to the offices of the electoral committee, according to Front supporters. The 11 sealed urns were from voting booths where, the FDN claims, the voting had gone well for Mr Andres Lopez Obrador, the candidate for the governorship of Tabasco of the

broad left coalition led by Mr Cuauhtemoc Cardenas. Tabasco's State Electoral Committee, which is in effect controlled by the PRI, said on Thursday that the winner would not be announced until November 20. The opposition believes the postponement is to give more time to fix the result fraudulently. Nevertheless, with only 27 per cent of the votes counted on Wednesday night, the PRI claimed it had won 51 per cent of those cast and its candidate, Mr Salvador Neme Castillo, had won a landslide victory. With the results from 200 of the booths processed, 24 hours later, the PRI said its share of the poll was 77.5 per cent. Party representatives and poll watchers, including at least one from the PRI, who were seized by the police on Wednesday, were beaten up and thrown into a bus which took them to the state capital of Villahermosa, according to the Front. It has circulated copies of a document, Campaign Strategies, giving party officials guidance on ways in which to bend an election. It includes such strategies as fusing lights at a crucial stage in the counting of votes and possessing ballot papers prepared in favour of the party. Nothing as crude as direct intervention by the police. In Cardenas, special operations units charged the protesters after a smoke bomb had been thrown, possibly by an agent provocateur, according to witnesses. They used clubs to drive back the protesters, injuring 15 men, including three federal and state deputies from elsewhere who had been observing the Tabasco election. Earlier in the evening Mr Lopez Obrador had described the political contest - the most important political test since the flawed victory of the PRI in the general election early in July - as "a shame for Mexico". He alleged "innumerable irregularities", including theft of ballot boxes, use of fake votes, imitation of ballot slips in districts where the Front enjoyed support, falsification of registration records and the disqualification of opposition poll watchers. Meanwhile, in an incident very probably related to the Tabasco elections, Mr Lenin Falcon, the leader of the Union of Oilworkers of the Mexican Republic (STPRM), and a colleague, Mr Antonio Arcos Correa, were shot dead on Thursday.

Boyer named to join Alcocer-Cortina business

By Tom Burns in Madrid

SPAIN'S pace-setting business partnership, Mr Alberto Alcocer and Mr Alberto Cortina, who are first cousins and brothers-in-law and are known nationwide as Los Albertos, have signed up Mr Miguel Boyer, the former Spanish Economy Minister, to join their expanding financial empire. A spokesman for Los Albertos said yesterday that Mr Boyer, currently chairman of the official export bank, Banco Exterior, would have a key role in the development of Cartera Central, a portfolio company controlled by the two cousins. This will be the chief stockholder of Banco Espanol Central de Credito (BEC), the result of the planned merger next year of Banco Central and Banesto, Spain's two largest

banks. The appointment has fuelled speculation that Mr Boyer will be the candidate of Mr Alcocer and Mr Cortina to head BECC when it is formally launched next June. The cousins are shareholders of both Banco Central and Banesto and will own 7.5 per cent of the new bank's equity. As economic chief from 1982 to 1985, Mr Boyer was responsible for the austerity programme that characterised the first years of Mr Felipe Gonzalez's Socialist administration and is credited as the architect of Spain's current economic boom. He is a member of Mr Jacques Delors' advisory committee of banking experts reviewing European monetary union.

Ozal expects Greek protesters to be deported

By Jim Bodgenser in Ankara

FOUR Greek demonstrators still detained from arrests of human rights activists at a mass trial in Ankara of left-wing militants eight days ago should soon be freed and deported, said Turkey's Prime Minister Mr Turgut Ozal in a wide-ranging interview with the FT on Thursday night. However, he stressed it was up to the Ankara state security court to decide. The four were arrested after waving protest placards at the mass trial in Ankara's Mamak military jail of alleged members of the Marxist-Leninist Party of Turkey, but they were released in 1980 military coup. They will be tried next Tuesday on charges of siding an armed anti-state movement, which carry a mandatory jail sentence of up to five years. The trial and deportation last Saturday of the other 24 demonstrators has aroused strong protests in Athens all this week. However, Mr Ozal said he did not think the incident and trial would do any harm to the Davos process of reconciliation between Turkey and Greece. "I hope they will be freed and deported from the country, but they should learn their lesson, they should not do these things in a court." According to a strongly worded statement from the Foreign Ministry early in the week, police had discovered propaganda material possibly linking the four accused to the outlawed separatist Kurdish Workers Party (PKK). "I hope there is no such relation," said Mr Ozal. The time was not yet ripe for a referendum on whether a

Communist Party should be established in Turkey, as had been proposed by President Evren on the way back from a state visit to Germany last month, said Mr Ozal. He said the Davos process of reconciliation with Greece, started in Switzerland early this year, was not dying. He hoped Greek Premier Andreas Papandreu would visit Turkey in the New Year, returning a visit by Mr Ozal to Athens in June as provided for in the Davos agreement. But so far the Turkish Government had not received any firm indication that Mr Papandreu would come, he added. On reports that intercommunal talks for a Cyprus settlement between the leaders of the Turkish and Greek Cypriot communities, Mr Rauf Denktash and Mr Georges Vassiliou, had bogged down on entrenched issues, Mr Ozal said he wanted to wait and see what came out of summit talks between the two under the UN's aegis in New York on November 22-23. Turkish entry to full membership of the EC would not come before the implementation of the Single Europe Act in 1992, Mr Ozal believed. He disagreed that Turkish entry might be more difficult after 1992, because the Government was trying to bring in standards and rules compatible with those operating in the Community. The victory of Mr George Bush in the US presidential elections was good for the Western world, because it would mean continuity in US foreign policy, said Mr Ozal.

Hopes for German union flexibility

By David Goodhart in Bonn

WHEN Mr Norbert Blum, West German employment minister, stated this week that employers' need for more flexible working-time and workers' desire for a shorter working week could be combined in a nine-hour day, four-day week, with Saturday as a normal working day, the proposal was heartily denounced by both sides of industry. Mr Blum's speech - an advertisement for the work system recently introduced at BMW's Regensburg plant - was criticised by employers for being too expensive and by unions for threatening the eight-hour day and free week-ends. But behind these knee-jerk responses, something of a new consensus appears to be taking shape between unions and employers, after a particularly frosty few months, which is probably one reason why Mr Blum thought it a good moment to step forward with his contribution. Central evidence for the change of mood is an important speech by Mr Franz Steinkühler, leader of IG Metall, the largest and most powerful union in Germany, delivered at a union conference in Frankfurt last month. The speech was in part a reply to those, like Professor Ralph Dahrendorf, who have been arguing that unions have no role in the economy of the future. Mr Steinkühler also

took up the issue of the environment and the limits of conventional approaches to growth, with unusual vigour for a trade unionist. But the most important passages for both employers and the divided West German left concern the need for trade unions to accept that national bargaining alone is no longer responsive enough for today's workforce. Mr Steinkühler said employers and workers both had an interest in more plant-level bargaining over working time. He has thus implicitly accepted that Saturday working is possible if employers can make it attractive enough. Extensive Sunday working will probably remain taboo, partly because of the dominant Christian parties in the coalition government. Employers have privately been welcoming what they see as an important public step towards a more pragmatic union strategy from a leader whom they know to be a moderniser but who has to take care not to move too far ahead of his activists and officials. Mr Steinkühler's speech received another unexpected welcome from Mr Oskar Lafontaine, the leading Social Democrat, who this year outraged union leaders by saying that shorter working time would only create jobs if pay - at least for better paid workers - is also cut.



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OVERSEAS NEWS

'Shura' key to Afghan peace

Christina Lamb on a way out for Moscow

AS RED Army tanks began leaving Afghanistan on May 15, after nine and a half years' occupation, jubilant American diplomats predicted the fall of Kabul within a few months. It did not happen.

shura seems hardly the perfect solution. The sheer logistical problems of sending 14 representatives to each district to find the area's favorite person are enormous. However, Afghans insist consensus will be easily reached and the shura, though nominated, will be far more representative than the interim government formed by the alliance in July - now the subject of so much ridicule.



Najibullah: offer rejected

Instead, by August 15, when half the 115,000 Soviet troops had left, a political and military stalemate seemed to have been reached. No troops have gone since then, an admission perhaps of the growing strength of the resistance fighters, who now number an estimated 350,000.

Last week, the Soviet Union suddenly went public in the matter, inviting the wrath of the international community by deploying new offensive weaponry and announcing that the withdrawal was suspended, though reiterating that they would be out by February 15, signalling that while the endgame may have begun, the going will not be smooth.

The world was caught on the hop by the Soviet announcement, although it was tactical rhetoric rather than anything meaningful; in fact, the Soviet Union had not been withdrawing its forces since August 15 and was not bound to do so as long as all its troops are removed by February 15 next.

However, as the Soviet announcement was made, seven bearded men in turbans in the small Pakistani border town of Peshawar were finally agreeing on a proposal which just might be the key to peace in Afghanistan while providing a face-saving solution to the Soviet Union.

The seven were the leaders of the resistance, alliance formed by Pakistan in 1981 as a means to channel arms and supplies to the guerrilla forces, which have held together against all expectations, and are currently looking more unified than the faction-ridden Kabul regime.

The alliance leaders suddenly found their Pakistani patrons withdrawing their support and channelling arms instead directly to a few favoured Afghan resistance commanders inside Afghanistan. The alliance leaders were given an ultimatum: come up with some political proposals or we produce a list of 400 commanders to form an assembly to decide Afghanistan's future.

The threat worked. Perhaps just to buy time, six of the seven agreed that within the next three months a shura (council) will be convened to select a head of state and form an interim government. It would consist of 418 representatives, only 70 of whom would come from the alliance (10 from each party).

The rest would be intellectuals, emigres, and one representative from each of 268 districts, many of whom would be field commanders. This means that it is possible, even likely, that the shura may turn round and dissolve the alliance.

largest towns, Jalalabad and Kandahar, into both of which the Soviets have had to send in new weaponry and aircraft. For different reasons, both Moscow and Pakistan are now seriously concerned about the deteriorating military situation inside Afghanistan where the Kabul regime is crumbling too fast for either's comfort. According to a senior Pakistani intelligence officer: "If the mujaheddin are successful in Jalalabad it may be hard to restrain them from moving on Kabul while the Soviets are still there, and before the shura has had chance to get off the ground."

Rather than face humiliation, the Soviets might take drastic action, including revenge on Pakistan, already suffering daily bomb blasts, widely thought to be the work of KGB-backed agents of the Kabul government. Moreover, if the mujaheddin captured the capital, with no alternative political body to install in Kabul, the result could be more bloody fighting in which the various competing guerrilla groups turn on each other.

The Pakistanis fear that such a development could then spill over the border, turning into an ethnic conflict which could revive demands for a separate state for the Pushtuns who currently live on both sides of the disputed Afghan-Pakistani border. Already there is considerable tension between the numerically and traditionally dominant Pushtuns, and the previously repressed Tajiks who have been well militarily and are certain to demand greater representation in a future Afghanistan.

Islamabad has another fear too: that the dithering, arguing resistance factions will miss the political boat, leaving the Russians free to install a "neutral" successor government. It is possible that many Afghans remaining within the country, particularly educated urban dwellers, as well as intellectuals who fled overseas, may prefer a Soviet-installed neutral government which would leave them alone rather than the sort of hardline fundamentalist Islamic government which the alliance might produce.

The appointment of Mr Yuli Vorontsov, the Soviet Union's First Deputy Foreign Minister, as Ambassador in Kabul, shows that the Soviets may now have realised that the key to legitimising such a government lies with winning over field commanders, disgruntled with the alliance leadership's failure so far to match military progress with political progress.

The shura will be the first key test of influence within Afghanistan, and its success, although a long shot, could be the closest the Afghans, Soviets and Pakistanis are likely to get to their various real objectives.

Two intelligence chiefs who testified at the hearing refused to admit to any wrongdoing. They were contradicted later in testimony by business leaders who gave detailed evidence to make their protest. The demonstrations followed three days of televised parliamentary hearings into corruption by the former government.

Mr Chung Ju Yung, chairman of the Hyundai group, one of South Korea's largest companies, told the hearings that his business group had effectively been forced to make large donations to the former regime, for fear of reprisals.

South Africa reserves to 'stay under pressure'

By Anthony Robinson in Johannesburg

SOUTH AFRICA'S gold and currency reserves and the rand will remain under pressure in coming months against a background of rising inflation and slower growth, Dr Gerhard de Kock, governor of the Reserve Bank, told the annual Financial Mail investment conference yesterday.

But higher interest rates and tougher fiscal and monetary policies should lead to a decline in economic growth to around 2 per cent next year. This should be accompanied by greater stability and a rise in the current account surplus from an expected R2bn (248m) in 1988 to R4bn next year, he said.

Dr de Kock said the upswing which led to a 5-6 per cent rise in consumer spending and a 13 per cent rise in investment over the third quarter of the year had now "levelled off" and predicted that the economy would move into a "gradual downward phase of the business cycle" next year.

Tighter fiscal and monetary policy would be needed after an excessive rise in the money supply, for which he accepted the Reserve Bank was responsible. This led to a credit-fuelled boom and a sharp decline in reserves to \$1.9bn in October compared to a peak of \$3.4bn in August 1987.

"Monetary policy should have been tightened earlier and interest rates should have been allowed to rise sooner," he added.

"The M3 money supply figures showed a rise of between 25 and 29 per cent on an annual basis in recent quarters but the bank has now set a target range of between 12 and 16 per cent for M3 growth between the fourth quarter of 1988 and the fourth quarter of 1989.

This would mean a severe curbs on bank and building society credit and a further squeeze on interest rates, he added.

Control Data divests from South Africa By Jim Jones in Johannesburg

CONTROL DATA, the American computer company, has divested from South Africa, selling 55 per cent of its local operations to the local company Unidiv and donating 15 per cent to a trust.

The sale price has not been disclosed but the company has agreed to sell its South African assets and profits.

Only 60 per cent of the purchase price will be paid immediately, with the remaining 40 per cent payable in five years, provided Control Data honours supply and technology transfer agreements.

The procedure is similar to that implemented when Unisys divested in August. Control Data will retain a corporate identity in South Africa to continue various educational and community projects which will be funded from the trust's profits.

Aredor mine diamond sold for \$8.6m By Chris Sherwell in Sydney

AN anonymous buyer has paid \$8.6 million for the 77 carat diamond recently recovered from the Aredor mine in the West African state of Guinea.

The price - equivalent to around \$47,420 per carat or \$27,100 per gram - is believed to be the highest per carat ever paid for a rough, uncut diamond, and confirms the stone's exceptional quality.

Its discovery was announced earlier this week by Bridge Oil, a small Australian oil company which owns 40 per cent of the mine in a joint venture with the Guinea government.

Age-old rivals renew their feud

Ralph Atkins on the running battle between the CBI and the City

ONCE MORE the gauntlet has been thrown down and the duelling pistols polished. The City has been slammed by business leaders as too short-term in outlook, British industry has been accused by financial institutions of whining.

The age-old jealousies were reawakened this week by the Confederation of British Industry. Its annual conference at Torquay saw mild-mannered businessmen, if not spitting blood, at least expressing disgust with impatient financial markets and the ease with which foreign buyers can take over British companies.

Most vehement was Mr John Banham, 48, the earnest CBI director general. In his closing address to the conference he warned: "Ownership and speculation are dangerously close to becoming the same thing."

He said it was obscene to talk of companies "in play". To much applause, he declared: "This is not a game. These are companies which, very often, people have devoted a lifetime to building. They are our nation's future. We must not see them traded away, heedless of the consequences, by a collection of high rollers concerned only for their own financial gain in some kind of economic casino."

Such protestations are not unfamiliar to City institutions frequently accused of being driven by speculation, irrational forces or straightforward selfish greed. The gut response of many is to complain of whinging managers and plead that markets, albeit imperfect, usually ensure that share prices give a fair reflection of a company's worth.

One City specialist said: "It is as though there is some conspiracy to undervalue them. That is nonsense. What happens more often is people overpay for a company - it is always possible to win by overpaying."

Scratch below the rhetoric and the battle lines become less clear-cut. The CBI recognises that rules are complex and rely heavily on self-regulation by securities houses.

Similarly, those involved in the City mechanics of bids and deals will, if pressed, profess unease that industry is unhappy with the service they are providing. Others admit that the present takeover rules contain imperfections.

The CBI appears anxious not to push itself into a protectionist corner. It complains that foreign companies find London the natural market in which to gain a foothold in Europe before the single market awakes in 1992. Yet it admits that the UK benefits from an open market in the US.

City analysts there is some support for that, although perhaps not for a point as low as the 15 per cent as suggested by Mr Banham.

Every bidder should be required to issue a detailed prospectus, spelling out its plans for the development of the company it is seeking to buy. When the bid is for a company with a marked regional presence, the bidder should explain how the change of ownership will benefit the regional interest.

Companies should be able to postpone voting rights in shares acquired during a bid period.

At least two thirds of registered shareholders should be required to vote, at an extraordinary general meeting, to accept an offer for their company.

With the consent of their shareholders, companies should be able to offer a golden share to their pension funds. Independent trustees would thus have a chance to determine where their beneficiaries' longer-term interests lie.

Once a bid has failed, the predator should be required to divest itself of sufficient shares to bring its holding below the bid threshold and a further bid should not be allowed for three years.

In spite of loud thunderings from a few CBI members, it is admitted that its strategy will take time. Mr Banham's proposals will have to be considered by the CBI committee and then by a 400-strong national council before having the weight of CBI policy - a process likely to last until at least March.

UK NEWS

CROSS-BORDER ACQUISITIONS (\$m)

Table with 3 columns: Country, EC, Non-EC. Rows include UK, France, Netherlands, Italy, Spain, West Germany.

The table shows the value of cross-border acquisitions, in the year ended June 30, 1988, made by European Community companies and by non-EC companies.

Instead, it argues for a leveling of the playing fields. CBI surveys of its members, published last week, show support for extending the grounds for a reference to the Monopolies and Mergers Commission to include bids where the predator is practically immune to a counterbid.

The Rowntree takeover, where Nestlé appears protected from attack, would be a case in point, one that boosted considerably the value of UK acquisitions by countries outside the European Community during the last year.

The CBI, however, is unwilling to confront the Government directly. Its tactics, as set out by Mr Banham, are to argue for change by the City's self-regulatory bodies rather than force legislation from above.

Mr Banham set out six proposals in his conference speech intended to ensure that markets have the time and information to function effectively. The trigger point for making a full bid for a company should be reduced from the present 30 per cent. Among

Councils 'pressed to raise rates'

By Richard Evans

LOCAL authority representatives said yesterday they would be under great pressure to increase rates by more than the level of inflation because the likely level of inflation has been underestimated at 5 per cent, and partly because of a claimed under-provision of £1bn in the total required next year to maintain services at their current level.

The consultation paper, announced by Mr Ridley in a Commons written answer, proposes aggregate Exchequer grants of £13.7bn, an increase of £1.1bn or 9 per cent, on the level expected this year.

Provision for local authority current expenditure in 1989-90 is £29.140bn, which includes £11bn to meet the costs next year of preparing for introduction of the community charge.

There will be no cap next year on grant gains, and that provision will lead to a gain of £5m by Bradford City Council, recently captured by the Conservatives, who have proposed a series of controversial spending cuts.

The Labour-led Association of Metropolitan Authorities said that once again the public was being presented with a gift package decked out in splendid wrappings. "But the package adds up to £1bn less than authorities need... it could well lead to large increases in rates next year."

The consensus among local authority finance experts yesterday was that rate increases were likely to average at least 7-8 per cent, but in many cases might be in double figures. After the restructuring, there will be no penalty on higher rates next year.

Representations from local authorities are required by December 2, but there are unlikely to be changes of significance when Mr Nicholas Ridley, the Environment Secretary, makes a definitive statement on rate support grant.

The Environment Department claims that if spending is held steady in real terms, the level of grant would enable local authorities to limit the

Corby town centre for sale again

By Richard Tomkins, Midlands Correspondent

INVESTORS with upwards of £20m to spare are being offered an opportunity to buy nearly the whole of the town centre of Corby in Northamptonshire.

The Commission for the New Towns, a government body which is realising the assets of fully developed new towns, is offering 23 acres of the town centre and the accompanying properties in a single lot.

Most of the 200 properties are shops but there are also a number of offices. The commission says that the annual rental income is more than £1.25m and that rent reviews are due next year.

The properties, many of them built in the 1950s, also carry development potential because the commission and Corby District Council are keen to see an upgrading of the town centre.

This is the commission's second attempt to sell Corby town centre. The first was launched in May 1987 but fell through in April this year when the commission failed to agree terms with Dixons Commercial Properties, the preferred bidder.

Dixons is believed to have offered about £20m for the properties but the commission is now looking for a higher figure because of the town's continued economic buoyancy.

Corby has experienced a remarkable recovery since the closure of its steelworks, plunged the town into decline in 1979. Unemployment is down from its peak of 30 per cent to 10 per cent.

Mr Fairtlough said the new five-year agreement was definitely not an exclusive one but he believed the 1980 deal was the starting point for a big expansion of collaboration between the council and industry. "They have learnt a lot from working with us," he said.

He said Celltech, in the three areas of antibody engineering, direct interest to it, still enjoyed a satisfactory degree of exclusivity under a licence deal signed about a year ago.

Belfast yard 'not aware of bid talks'

By Our Belfast Correspondent

HARLAND AND WOLFF, the state-owned Belfast shipbuilder, maintained yesterday that it was unaware of a new company's interest in the yard's future.

Mr Peter Viggers, Northern Ireland's Industry Minister, said the Government was surprised when he announced that he had conducted preliminary discussions with representatives of the company in London. He reiterated the Government's determination to return the yard to the private sector.

His remarks came as Labour and Ulster Unionist MPs claimed that the Government had blocked potential orders, putting 3,800 jobs at risk.

However, government sources in Belfast yesterday made clear that two other bidders, named as Bulk Transport Shipping London and Mr Ugur Mengencioğlu, the Turkish tanker operator, were still conducting talks about a possible buy-out.

The Government is also willing to hear about the possibility of a management-employee bid for Harland.

It is understood that the new company is an international shipowner interested in placing orders for specialist ships that would complement the present employment of 400 workers.

Trade union representatives at Harland have demanded a government statement and a mass meeting has been called for Monday followed by a march to City Hall.

Biotechnology tie with industry loosened

By David Fishlock, Science Editor

THE MEDICAL Research Council and Celltech, a UK biotechnology research company, have renegotiated a contract that underpins one of Britain's most successful transfers of academic science into industry.

The special relationship that helped Celltech to build a world-class reputation as an innovator since the company was formed in 1980 ended with the deal this week.

The two will continue quarterly meetings when the company presents its commercial strategy and the council gives Celltech insight into its research progress.

The new understanding satisfies bigger UK pharmaceutical and health-care companies that saw the degree of exclusiveness accorded to Celltech as a bar to their commercial plans for biotechnology.

Dr Dai Rees, the council's chief executive, said companies told him bluntly they did not want anyone obtaining special treatment.

He had failed to persuade more UK companies to share their commercial strategy with the council in exchange for regular presentations of its research progress to the council.

The issue came to a head with one of the latest developments of biotechnology, called antibody engineering.

Antibody engineering

Antibody engineering is a technique for modifying monoclonal antibodies, the MRC discovery that won a Nobel prize, so they will cure as well as identify illness.

The technology may lead to treatments for cancer, heart disease and toxic shock syndrome, for example.

Celltech is in the vanguard of research with this technology through its earlier MRC deals.

It is conducting a sponsored research programme on anti-cancer drugs for Cyanamid, the US company, as well as funding its own research in toxic shock and heart-disease treatment.

Celltech's previous deals earned the council more than £240,000 in royalties, and provided more than £300,000 for collaborative research in the council's laboratories.

Mr Gerard Fairtlough, Celltech chief executive, said: "Celltech is investing a total of £1.2m in collaborative research with academic laboratories this year, including several projects with MRC laboratories."

Mr Fairtlough said the new five-year agreement was definitely not an exclusive one but he believed the 1980 deal was the starting point for a big expansion of collaboration between the council and industry. "They have learnt a lot from working with us," he said.

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Japan tax bills forced through in committee

ANGRY Opposition parliamentarians had to be restrained by guards yesterday as Japan's Liberal Democratic Party (LDP) rammed its six tax reform bills through a Parliamentary committee, Jan Rodger reports from Tokyo.

The three main opposition parties had recently been boycotting committee sessions, trying to block the reform until the LDP agreed to call a number of people to testify on the Recruit political fund-raising scandal.

However, when they realised yesterday that the LDP was about to resort to the seldom used tactic of taking an important vote in the absence of the Opposition, they stormed into the committee chamber and physically tried to prevent the vote from taking place. Guards were then called in.

Later, Mr Tsuruo Yamaguchi, general secretary of the Japan Socialist Party (JSP), the largest opposition group, accused the LDP of trying to stifle the investigations into the Recruit affair.

He demanded that the LDP either withdraw the tax reform bills or dissolve parliament and call an election.

Political analysts said the sudden move by the LDP reflected the party's concern that time to complete consideration of the tax reform package was running out. The current Diet (Parliament) session is due to end on November 24.







UK NEWS

# OFT inquires into complaints against SE

By Clive Wolman

THE Office of Fair Trading has intervened to investigate complaints made against the Stock Exchange by two member firms over the introduction of rival automated share-dealing systems.

The two firms concerned are Kleinwort Benson and Barclays de Zoete Wedd.

The OFT is concerned about the existence of anti-competitive practices.

Its intervention has been prompted by measures proposed for changing a rule by the Stock Exchange.

That, say Kleinwort and BZW, is designed to bolster the exchange's automated-dealing system, due to start operating on February 13, at the expense of systems they developed over the past 18 months.

Yesterday the OFT said it had launched an investigation at the start of this week and had held preliminary talks with officials from BZW, Kleinwort and the Stock Exchange.

That will be followed by a more detailed investigation leading to a report to Lord Young, Trade and Industry Secretary, if possible before February 13.

Under the Financial Services Act the OFT must examine the rule books of recognised investment exchanges and report on any rules that may

have anti-competitive effects. However, Lord Young is empowered to overrule the OFT if he feels such rules are justified on grounds of investor protection.

The rule change which is the subject of the controversy would prevent Kleinwort and BZW from carrying out transactions for investors through their systems at the most favourable prices unless they were officially quoting those prices on the screens.

Relations between the OFT and the Stock Exchange have been strained for many years because of the court case brought by the OFT which led ultimately to the dismantling of the exchange's minimum commissions cartel in 1985.

More recently, the OFT has intervened on behalf of Reuters, the financial news and information company, to allow it to start operating on the exchange's minimum commissions cartel in 1985.

A contested election is to be held for one place on the board of the Securities Association, the self-regulating organisation, Mr Peter Stanley, chief executive of Williams de Broe Hill and Chaplin, has been nominated to stand against one of the official candidates, Mr Robert Brooks, a director of Kleinwort Benson.

# Lonrho fails to force Fraser disclosure

By Raymond Hughes, Law Courts Correspondent

LONRHO, the trading conglomerate, has failed in an attempt to force Lord Young, the Trade and Industry Secretary, to publish without further delay his inspector's report into the acquisition by the Al Fayed brothers of House of Fraser, the stores group.

A High Court judge yesterday refused an application from Lonrho for leave to seek judicial review of Lord Young's decision to wait for the views of the Serious Fraud Office (SFO) before deciding on publication.

A parallel move by Lonrho to have Sir Gordon Borrie, the Director General of Fair Trading, ordered to advise Lord Young to refer the acquisition to the Monopolies and Mergers Commission (MMC) also failed.

The court was told that Sir Gordon expected to advise on a referral in about a week.

Mr Justice Macpherson said that Lonrho's applications were ill founded and unarguable. "They have shot from the hip and missed their target," he said. "I am wholly convinced these matters should not have come to court now."

The judge said that it had been Lord Young's intention to publish the report as soon as he could but once the matter had been put in the hands of the SFO he had taken the position that he must "hold off until the SFO had given the green light to publication."

It was, the judge said, entirely for Lord Young to decide when and if he published the report and the court would intervene only if he refused to publish for some capricious reason.

Lord Young had been advised not only by the SFO and the Director of Public Prosecutions but also by Treasury counsel that he should not publish until the SFO had finished its inquiries.

The judge said: "It seems to me quite impossible to argue that the Secretary of State has erred in taking account of the advice given to him... Indeed, it seems to me that he would be liable to be shot at on all sides by others had he acted to the contrary."

Dismissing Lonrho's application against Sir Gordon Borrie, the judge said that Lonrho wanted Sir Gordon to be told not only that he must advise Lord Young at once but that the only reasonable advice would be to refer the matter to the MMC.

It was not right for the court to be asked to say what was the only reasonable advice to be given. It was entirely a matter for the director general.

The only question was whether it could be said that by delaying his decision the director general had behaved in a perverse, irrational or wholly unreasonable manner.

The judge said: "In my judgment there is no argument which could be sustained in support of that submission." Breaking up Tiny's far-flung empire, Page 8

# A karate kick for Labour's complacency

Michael Cassell on the implications for the party of the Govan by-election defeat

THE LABOUR party needed the Govan by-election result in the same way that it needs a leadership coup led by Mr Ron Brown, the fun-loving, mace-dancing MP for Edinburgh Leith.

In spite of the long alibi and thin explanations, the dramatic conversion of a 19,500 majority into a 3,500-vote defeat at the hands of the Scottish National Party is a hurtful, humiliating blow for Labour. Whatever his faults, Mr Brown's well publicised eccentricities have at least not managed to alienate his local voters on the scale involved in Govan's mass defeat.

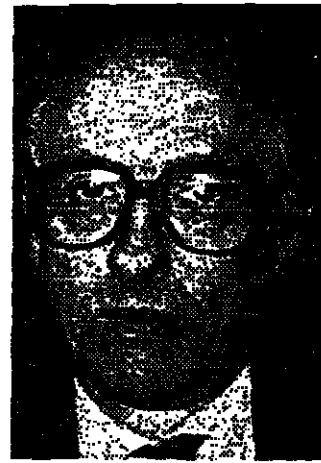
Until the dying hours of the three-week campaign, Labour's leadership never doubted that Govan would return Mr Bob Gillespie to maintain the party's Scottish representation of 39 MPs.

However, the hapless Mr Gillespie took his crushing defeat with a dignity that diminished his cruellest critics.

The readiness with which Mr Neil Kinnock, the Labour leader, welcomed the appointment of Mr Bruce Millan, Govan's sitting MP, as a European Commissioner in part reflected the total conviction that the Clyde-side constituency would remain a socialist stronghold in the ensuing electoral contest.

On Thursday morning, when victory was being taken for granted, leading Labour figures acknowledged that the defeat they were discounting would be a disaster.

The rout will prove even



Donald Dewar: Position looks secure



David Blunkett: Tackling the poll tax issue

more painful, given the improving morale with which Labour ends the 1988 parliamentary session. It has scored important points off the Government on health and benefits policies and the latest opinion poll puts it ahead of the Conservatives for the first time for more than two years.

Hours before the Govan result, Mr Kinnock announced the final names in an expanded and largely youthful front-bench line-up intended to see a modernising Labour Party through what will prove to be a critical year. Many of the 1987 general election intake of MPs have been given the chance to win their political spurs and Govan will have painfully undined the scale of the task they face.

Labour can draw easy parallels to calm its nerves and prevent panic from setting in among the troops. Govan's ability to deliver a karate kick to complacency is well proven and the last SNP victory in the same seat was short-lived.

By-elections are notoriously unpredictable and usually reflect short-term protest rather than profound political watersheds. However, while being such a massive majority in government is understandable, to do so in opposition is catastrophic. The inquest has started. The leadership can take hollow comfort from its objection to the local party's choice of candidate, while, in Sir Jim Sellar's, the SNP had an outstanding man.

Mr Kinnock said yesterday that the result represented a protest vote against the Tories' treatment of the Scottish people. Even so, Labour's failure

to emerge as principal beneficiary must also reflect deep-seated concern at the quality of its anti-Thatcherite credentials.

The message from Govan is that many voters believe Labour has not served them well in defending Scottish interests against the assault mounted from the other side of Hadrian's Wall: the party has, to quote the SNP, been "Teble."

Mr John Home Robertson, the MP for East Lothian, dropped this week from Mr Kinnock's Scottish affairs team, said yesterday that frustrated voters had vented their anger against Labour, which was regarded as the establishment in Scotland. Like some other Scottish MPs, Mr Home Robertson said that Labour's team, under Mr Donald Dewar, the shadow Scottish Secretary, had to adopt tougher, more strident tactics.

Mr Dewar's position looks secure but he will now have to listen more closely to some of the voices that have been advocating a more aggressive approach to the community charge, or poll tax, which is to take effect in Scotland in April. It is cited as a good example of where a rethink is crucial.

While the SNP promotes its campaign of non-payment, it has to be said with limited impact so far, Labour's refusal to push voters into illegality while leaving MPs to decide their personal position on payment has seemed uncertain and half-hearted.

Some Labour MPs will now step up demands for Labour to lend its full weight to the no-payment campaign. Mr David Blunkett, who has joined Labour's front-bench environment team and will tackle the poll tax issue, called only for a coherent campaign against the poll tax. While the SNP fought the poll tax, Labour had argued over tactics, he added.

Above all, it is Labour's strategy on the country's constitutional future that must now be re-examined. While the SNP demands full autonomy within Europe - not by any means a universally popular demand among Scottish voters - Labour treads the path of devolution to an elected Scottish assembly.

The party is a British party seeking power at Westminster and, as such, will not accommodate nationalist demands. However, the argument for much closer co-operation with other parties in Scotland on constitutional, social and economic issues is now being pushed by some Labour MPs.

In a masterful understatement, Mr Kinnock called Govan a bad result and pledged the party to continue to fight inside and outside Parliament for the people of Scotland.

The fight will be a tough one. As Mr Jimmy Allan, Labour's Scottish organiser, warned yesterday, the party would be unwise to assume that its normally faithful supporters will automatically return to the fold. Defiant voice from Scotland, Page 9

# Counter-attack over pensions by minister

By Philip Stephens, Political Editor

THE GOVERNMENT sought yesterday to move on to the offensive over its record on help for the elderly after the political row this week over state benefits for pensioners.

Mr Peter Brooke, chairman of the Conservative Party and Paymaster General, delivered a strong defence of government policies.

His comments followed a week in which Mr Nigel Lawson, the Chancellor, faced concerted attacks from Labour over his reported remarks at a weekend briefing that he was considering limiting the scope of universal benefits.

In a speech to the Birmingham Conservative Association, Mr Brooke said that during the lifetime of the 1974-79 Labour Government, pensioners had their real average total incomes rise by just 3 per cent in real or inflation-adjusted terms.

Under the Conservatives, their incomes had risen by nearly 3 per cent each year between 1979 and 1986.

Dismissing opposition charges that the widening gap between a prosperous majority and a minority of relatively poor pensioners will make it essential to target more generous help at the lower end of the income scale while restructuring the present system of state pensions.

although there were a million more pensioners.

Mr Brooke said the Government had identified a need to target resources on older pensioners who had not benefited from introduction of the State Earnings Related Pension scheme (SERPS). But that money would be extra money and not the result of cutbacks elsewhere.

Mr Neil Kinnock, the Labour leader, has pledged to maintain his attacks on Mr Lawson in coming weeks, arguing that his comments reflect a medium-term plan to dismantle the present benefits system. Mr Kinnock added that the Chancellor's refusal to answer a series of specific questions on benefits policy had confirmed his fears.

The aim of greater targeting for benefits has won strong support, however, from Mr Michael Heseltine, the former Defence Minister and a leading contender for the future Conservative Party leadership.

Mr Heseltine has argued this week that the widening gap between a prosperous majority and a minority of relatively poor pensioners will make it essential to target more generous help at the lower end of the income scale while restructuring the present system of state pensions.

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# Murdoch TV service opts for 'smart card'

By Raymond Snoddy

MR RUPERT Murdoch, chief executive of News International, has decided to use a "smart card" descrambler for his subscription satellite television service due to be launched next year.

The system has been designed by Mr Alan Sugar's Amstrad Consumer Electronics, but draws on work by Paytel, a British company, and a small Israeli venture company funded by News International.

Sky Movies, one of the four television channels to be launched on the Luxembourg television satellite Astra in February, will resemble a telephone card although it will also have microchips in it.

The aim is to send a card to subscribers, once a month or once every three months. The card will "unlock" the scrambled channel for the required period of time.

The cards, which are likely to cost about £10 a month,

although no decision has yet been taken, will continue to be circulated until the subscriber says he no longer wants to receive them.

Mr Murdoch is also considering increasing the number of his channels from four to six to make the Sky Television service more attractive.

The News International chief executive has already had talks with the Disney Channel and an additional existing US channel, possibly a classic

movie channel, is being sought for Europe - probably in joint ventures.

Mr Murdoch has seen working models of the Amstrad receiving equipment due to go into volume production in January. Mr Sugar, he believed, has met his £200 target for the basic receiving equipment, although the additional decoder for the film channel - due to be scrambled from September 1 - might cost an extra £50.

# Scottish colliery threatened

By Maurice Samuelson

THE FUTURE of Bilston Glen, one of the biggest pits in Scotland, was put in doubt last night because of poor output.

The colliery, south of Edinburgh, employs nearly 1,000 people. Its closure would affect nearly a third of the coalfield's remaining workforce.

Yesterday British Coal told the unions that it was taking the first step towards possible closure by submitting it to the formal review machinery inaugurated after the 1984-85 miners' strike.

The procedure allows for independent arbitration on a closure proposal but can also give a colliery more time to boost its output in order to be removed from the danger list.

Bilston Glen, which lost £10m in the first half of this financial year, was warned three months ago that it was producing only half its target of 20,000 tonnes of coal a week. Subsequently production rose for a time to 15,000 tonnes but is now down to 1,000 tonnes, the corporation said yesterday.

# Government uses 'guillotine' to end session

By Tom Lynch

THE GOVERNMENT yesterday pushed the last two items in its legislative programme through the House of Commons with the aid of a "guillotine" motion to curb debating time.

The Housing Bill and School Boards (Scotland) Bill became the fifth and sixth measures to be guillotined this session, which Labour claimed was a record.

Yesterday's guillotine arose after the Government failed to complete the Housing Bill - which deregulates the private rented sector - on Wednesday night when Labour backbenchers kept discussion going into the early hours of Thursday. Only about 80 of the 273 members present in the House of Commons, mainly by ministers - were debated.

Mr Frank Dobson, the shadow Leader of the House, protested yesterday that the six-hour debate, which would affect 5m tenants, was less than a lawyer would be expected to spend on conveying one private dwelling.

However, Mr John Wakeham, the Leader of the House, said enough time had been spent on the measure at its earlier stages and the Government was entitled to get its bill through.

Nicholas Ridley, the Environment Secretary, acknowledging fears over the housing action trusts the Government plans to set up to buy and renovate run-down council estates, said he would consider sympathetically the position of any council whose estate was assessed with a negative value, and thus had to pay a trust to take it over.

The Government is also expected to come forward with subsidies to any council that has to sell estates to trusts at less than the historic debt on the properties.

The bill goes to the House of Lords on Monday for final consideration.

# Prosecutor studies King's Cross fire case

By Kevin Brown, Transport Correspondent

SPECULATION that criminal charges may be brought in connection with the deaths of 31 people in the King's Cross fire disaster grew yesterday after the Crown Prosecution Service confirmed it was studying papers relating to the case.

"We have had papers for some time, but no decisions have been made, and I cannot speculate about what charges might be brought if any offences were proved to have taken place," a CPS official said.

Mr Allan Green, the Director of Public Prosecutions, and head of the CPS, is also considering papers relating to the Herald of Free Enterprise disaster, which killed nearly 300 people in March last year.

Both sets of papers are believed to include transcripts of inquiries and copies of the public inquiry reports. Further papers are believed to have been submitted by relatives of victims of the two disasters.

Meanwhile, Mr Gerry Clarkson, London's chief fire officer,

said he was still worried about safety on the Underground.

Mr Clarkson said overcrowding on Tube trains needed to be reduced. "I am concerned with the capacity of the Underground system to deal with the number of people who resort to it at peak times."

He accepted in full the conclusions of the Fennell report.

Mr Paul Channon, the Transport Secretary, denied reports that Sir Keith Bright, former chairman of London Regional Transport, and Mr

Tony Ridley, former chairman of London Underground, had negotiated lucrative pay-off deals before resigning.

In a letter to Mr Bob Hughes, Labour's transport spokesman, Mr Channon said there was no truth in suggestions that the two men would be paid their full salaries until 1991.

"There is no such arrangement or agreement. Any claims by Sir Keith Bright or Dr Ridley under the terms of their appointments will be for negotiation," Mr Channon said.

# British Telecom claims service has improved

By Terry Dodsworth, Industrial Editor

BRITISH TELECOM said yesterday that the general standard of its services had improved over the past six months in spite of a marked fall in the speed at which it installs new lines.

The company's latest quality-of-service report, the third to be published since the surveys were resumed last year, shows that BT is running a more reliable service than a year ago on a number of important measures.

In August, BT claims to have registered its lowest call failure rate for both national and local traffic.

The figures were compiled in a period when a continuing high level of growth for telephone services was imposing strains on resources.

# Way cleared for Clowes investors' compensation

By Richard Donkin

THE HIGH COURT in London gave its approval yesterday to 10 representative categories of investors for the hearing of claims against Barlow Clowes City Managers.

The court formalities were held to clear the way for claims to be heard in the next few weeks. Cork Gully, joint liquidators of Barlow Clowes, has told investors that subject to court approval, a substantial payment is likely to be made by Christmas.

Mr John Lindsay, QC, appearing for the liquidators, said the Barlow Clowes UK gilt fund was earning £540,000 a month in interest and now stood at £52m. The 10 categories represent some 6,000 investors with 7,319 separate accounts.

Each category stands for a

different class of investor. The distinction between the classes depends on the Barlow Clowes portfolio in which they invested and the bank account among several in which their funds were held.

The districts are likely to be important when the court determines how remaining assets should be distributed between claimants.

Mr Lindsay said: "The joint liquidators are very mindful of the distress that delay causes in circumstances such as this. We would hope that, given the willingness of the liquidators to provide information, counsel appointed for the various categories might be in a position either to argue a claim to a specific interest or agree to a compromise within two or three weeks time."

Mr Bryan Gould, Labour's trade and industry spokesman, said the lack of firm interest among commercial and financial institutions indicated that there was now little chance of a buyer being found who would guarantee a viable future for Girobank.

However, Mr Gould warned that "to proceed with the attempt to find a buyer either at a knock-down price or from among the ranks of the major clearing banks would be bad for Girobank, bad for the workers and bad for the customers who would find that competition was curtailed."

Sale to a main clearing bank would probably mean closure of Girobank or a cut in operations.

He said: "It is hard to see Girobank getting the investments it needs to moderate or to establish the second regional centre as recommended by the Bank of England."

The Government should abandon the sale, authorise Girobank to raise the capital it needs and make a regional grant for the second centre."

In the City the Government's decision to widen the list of applicants was thought unlikely to draw fresh applicants. Clearing banks and building societies displayed no great interest in Girobank.

# Taking a corporation to court

A.H. Hermann assesses the criminal issues over the Tube disaster

THE DAMNING report into the King's Cross fire on the London Underground has raised the question of whether criminal prosecutions might be brought.

It seems extremely unlikely that the Director of Public Prosecutions would approach such a task with any enthusiasm. He did not prosecute in the case of the Zeebrugge ferry disaster, when such action would have been fairly straightforward because of the overall responsibility according to marine law of the ship's captain and because of the involvement of other individual crew members.

In the case of the King's Cross fire, the responsibility seems to be much more widely spread, not only over a wide circle of top and middle management but also over the long period during which dangerous procedures, or a lack of safety precautions, became established practice.

Assuming that the DPP does not prosecute, there is the further question of whether the survivors or the victims' families can bring a private criminal prosecution. If they do, their difficulties in prosecuting individuals would be the same as those confronting the DPP and their resources probably smaller.

There are also suggestions that London Regional Transport and/or London Underground could be prosecuted for corporate manslaughter. Such a course of action would remove the difficulty of pinpointing the responsibility on individuals, although it would still have to be shown that the collective of employees, presumably in managerial positions, was reckless or grossly negligent.

Such negligence could amount to what criminal lawyers call "guilty mind" - an indispensable ingredient in the offence of manslaughter.

Can a company have a guilty mind? Some authorities believe that it can have one vicariously, through the person or persons acting on its behalf. It is rather an artificial concept and would still require the proof of gross negligence on the part of certain managers.

Another objection raised is that the criminal prosecution of a company is impossible because it cannot be sent to prison. However, that objection is not of equal weight, since other forms of punishment are readily available.

A further difficulty is the impossibility of a corporation being defended by its officers if that the criminal prosecution of a company is impossible because it cannot be sent to prison. However, that objection is not of equal weight, since other forms of punishment are readily available.

It seems to me that prosecution of a corporation is contrary to legal policy. First, it could not avoid punishing as well some of the corporation's

employees (or, in the case of a company, of shareholders) who are innocent.

In addition, the punishment of a corporation seems to have a lesser deterrent effect than punishment of individuals, as it is only through persons that corporations can do wrong.

In view of such difficulties, it would seem more practical - in particular for the survivors and the victims' families - to concentrate on civil proceedings for damages.

There is no difficulty in claiming that a corporation was grossly negligent or at least simply negligent and that it is liable to make good, as far as possible, to the bereaved families the injuries and loss of life suffered.

# Little chance of Girobank being sold

By Charles Hodgson and David Lascelles

THE LIKELIHOOD of Girobank being sold looked remote yesterday after the Government's decision to delay privatisation of the Post Office-owned bank because of lack of acceptable bids.

The Government was seeking between £150m and £200m.

In the Commons, early yesterday Mr Tony Newton, industry Minister, said the Government had postponed the sale, but insisted that talks would continue with potential bidders.

He appeared to soften the conditions of the proposed sale by suggesting that main clearing banks and building societies would be allowed to bid.

Mr Bryan Gould, Labour's trade and industry spokesman, said the lack of firm interest among commercial and financial institutions indicated that there was now little chance of a buyer being found who would guarantee a viable future for Girobank.

However, Mr Gould warned that "to proceed with the attempt to find a buyer either at a knock-down price or from among the ranks of the major clearing banks would be bad for Girobank, bad for the workers and bad for the customers who would find that competition was curtailed."

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**UK NEWS**

**Power groups to share CEGB specialist staff**

By Maurice Samuelson

THE CENTRAL Electricity Generating Board has abandoned the idea of keeping its specialist support staff intact after privatisation. Instead, its 5,500 scientists, engineers, technicians, research workers, computer experts and training staff, with their laboratories and offices, are to be distributed among the CEB's three successor companies - National Power, PowerGen and the National Grid Company.

The decision affects 2,000 power station development workers at Barnwood, Gloucestershire, as well as staff at eight laboratories, 12 training centres, and the computing information division.

At least two thirds of the Barnwood-Knutstford division,

including 1,000 people involved in nuclear energy, will join National Power, which will run 70 per cent of the CEB's power stations, including all the nuclear plant.

The CEBG initially wanted to avoid dispersing their expertise and to set up a service establishment jointly owned by the three successor companies.

Instead, the board says, they are being broken up to ensure that the three successor companies would "adopt fully independent and competitive approaches from the outset."

Nevertheless, staff engaged on certain projects, such as information computing and designing the new 900 MW unit coal-fired power stations, would continue joint working until the projects had been completed.

**CEGB 'prematurely shut coal-fired plant'**

By David Green

ELECTRICITY consumers could save between £2bn and £3bn over 15 years if the Central Electricity Generating Board refurbished old coal-fired plants instead of building a nuclear power station at Hinkley Point, Somerset, it was claimed yesterday.

Professor Jim Jeffery told the Hinkley Point C public inquiry he believed that the board had closed coal-fired stations prematurely, partly to prepare a spurious case that new capacity was needed.

He said that if a new coal-fired station, the proposed 1,300 MW nuclear plant, was built, the savings over 15 years to electricity consumers would be between £1.5bn and £2bn.

It could also prove cheaper to invest in wind-powered electricity generation than nuclear plant, said Prof Jeffery, emeritus professor of crystallography at London University and

a former consultant to the Central Electricity Research Laboratories. He was appearing as a witness for a local opposition group called Stop Hinkley Expansion.

He said that in view of the CEBG's record on nuclear power station construction there was no confidence that the plant would be built within the forecast period or cost.

The CEBG estimates that the main construction will take 60 months and the power station will cost a total of £1.5bn.

Prof Jeffery said the real cost of nuclear power was much higher than figures produced by the CEBG because the full costs of waste disposal and decommissioning were not included.

The CEBG suggested that Prof Jeffery's nuclear cost figures were overestimated. Old coal-fired stations had been closed only when they had become uneconomic.

**Acquisitions and mergers reach record in quarter**

By Joel Kibazo

THE NUMBER and value of acquisitions and mergers within the UK reached record levels in the third quarter of this year, according to Department of Trade and Industry figures published yesterday.

There were 316 acquisitions by industrial and commercial companies within the UK with a value of £2.09bn, beating the previous record of £2.38bn in the second quarter of 1986. The number of acquisitions for the corresponding period in 1987 was 353.

The single biggest acquisition in the third quarter was that by Nestlé Holdings (UK), which paid £2.67bn for Rowntree, the York-based confectionery company.

Sales of subsidiaries between companies were also a record,

with 91 companies acquired for £2.5bn, while 300 independent companies were also acquired in deals worth £5.79bn.

The six largest transactions valued at over £50m each accounted for 55 per cent of the total value of activity, including two sales of subsidiaries. The top four acquisitions of independent companies were: Rowntree by Nestlé Holdings (UK); Harris Queensway by Lowndes Ventures for £45m; Atlantic Computers by British & Commonwealth Holdings for £41m; and Acre Oil by British Gas for £37m.

The two sales of subsidiaries were the Bricom Group by British & Commonwealth Holdings for £335m, and Hunter by Hillsdown Holdings to Wickes for £268m.

**Convenience food factory to be built in Sheffield**

By Ian Hamilton Fazey, Northern Correspondent

NORTHERN FOODS is to build a £14m factory in Sheffield, South Yorkshire, to make chilled, convenience meals for Marks and Spencer. It will be in full production by the end of next year and should eventually create 450 jobs.

The factory will specialise in pasta, fish and potato-based dishes. It will be built on an 11-acre greenfield site at Mosborough, south-east of the city and about a mile from the M1.

Regional selective assistance should eventually total just under £1m as jobs are created. About 300 people will be taken on in the first phase.

Northern Foods has two other similar factories at Nottingham and Grantham. The Nottingham plant opened in 1984 and the Grantham one - which cost £12m - last year. Growth in the market is so fast that the company believes it will have the new factory built only just in time to avoid running out of capacity.

Mr Martin Clark, the finance director, said yesterday that the expansion fitted in with the company's shift into higher-value-added products and investment from more basic foods with lower profit margins.

**CONSOLIDATED MURCHISON LIMITED**  
 Incorporated in the Republic of South Africa  
 Reg. No. 05/05478/06  
 Conversion of 5 Ordinary Shares into Ordinary Shares

At the annual general meeting held on 17 October 1988 shareholders resolved by special resolution to convert the Company's 5 ordinary shares which were issued or unissued, to ordinary shares in the same class as, and equal in all respects to, the existing ordinary shares in the Company's capital. The resolutions passed at that meeting have now been registered by the Registrar of Companies and the Johannesburg and London Stock Exchanges have given their consent for the 5 ordinary shares to be redesignated ordinary shares with effect from 14 November 1988.

For and on behalf of the board  
 Anglovaal Limited  
 Secretaries  
 per: E.I. Thomas

Johannesburg 10 November 1988

Registered Office:  
 Anglovaal House  
 56 Main Street  
 Johannesburg

London Secretaries  
 Anglo-Transvaal Trustees Limited  
 238 Regent Street  
 London, W1R 8ST

**First TUC scrutiny for single-union agreement**

By Philip Bassett, Labour Editor

THE TUC is examining the first case submitted to it under its new procedure for regulating single-union agreements.

Leaders of Usdaw, the shopworkers' union, have submitted to the TUC details of a proposed Usdaw single-union deal with Booker, the international food and agriculture group, in the first test of the TUC's code of practice on union recognition.

Under the TUC's code, brought in to try to deal with the growing problems arising out of unions reaching sole recognition deals with employers, unions in the process of making such single-union deals have been required since October 1 to submit details of them to the TUC.

Mr Norman Willis, TUC general secretary, said: "I hope there will be absolutely no problem about it because we have the overwhelming majority of the organised membership."

In a separate development, the TUC is to mount pilot projects, looking at how many people are employed, in what kinds of employment and occupation, by which employers, and at the current state of unionisation.

These details will then be used to form the basis of cross-union recruitment campaigns in the chosen areas, coordinated by the TUC through its regional constituents and through local trades councils.

into two broad categories. The first is areas of old, traditional industry, which have been subsequently undergoing a process of urban renewal and development. TUC labour market studies will be carried out in the London Docklands, a location in west Yorkshire and one in the north-west.

The second is areas which have seen considerable new economic and employment growth. The TUC's labour market studies will be mounted in high-tech areas - Southampton-Portsmouth, dominated by non-union IBM sites; the Cambridge area; and either Bristol or Swindon.

In all of these six areas, the TUC will compile details of local labour market intelligence, looking at how many people are employed, in what kinds of employment and occupation, by which employers, and at the current state of unionisation.

These details will then be used to form the basis of cross-union recruitment campaigns in the chosen areas, coordinated by the TUC through its regional constituents and through local trades councils.

The TUC's special review body, meeting this week for the first time since the TUC Congress in September, agreed that the pilot projects on labour market intelligence should be held in areas fitting

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**NUPE backs regional pay flexibility**

By John Gapper, Labour Staff

A REFORM of the National Health Service bargaining machinery allowing greater scope for regional pay variations within a national framework has been suggested by the National Union of Public Employees.

Nupe's suggestions for reform for staff groups whose pay is not set by review bodies is unusual in arguing that some regional pay flexibility should be allowed.

However, in a submission to the House of Commons social services select committee, Nupe says that a pre-condition for greater flexibility within the Whitley Council system should be "a commitment to eradicate low pay."

The union suggests that staff groups such as NHS ancillaries, whose pay is set by negotiation, should be brought within a single pay "spine" covering all health service staff, both white and blue collar.

The suggestion is likely to have some attractions for the Department of Health, as other public sector pay groups have undergone regrading exercises under which local pay flexibility has been allowed within national pay bargaining.

The union argues that a more direct relationship should be established between the department and negotiators.

**Nurses return to work at Birmingham hospital**

By Our Labour Staff

NURSES belonging to the National Union of Public Employees yesterday returned to normal working at the intensive care unit of Birmingham Children's Hospital following criticism of their industrial action over pay by government ministers.

The 28 Nupe nurses called off their work to rule after colleagues in the Royal College of Nursing had been persuaded by RCN leaders to abandon their industrial action. However, Nupe nurses in other parts of the hospital started a work to rule.

The six-bed intensive care unit, which was closed by hospital managers earlier this week, had become the centre of controversy over the regrading of nurses within the Government's 17.9 per cent pay award after the work to rule started.

Mr John Dempsey, Nupe divisional officer, said nurses had reluctantly decided to call off their action. But further protests in the West Midlands region were likely with a 24-hour strike at Selly Oak hospital possible.

Mr Dempsey said the nurses had been faced with a moral dilemma because of the district health authority's action in closing the unit following the declaration of industrial action. Unfair pressure had been put on them by managers.

Mr Kenneth Clarke, Health Secretary, earlier criticised industrial action at the hospital, and insisted that no staff would gain better gradings on the new structure by taking action.

**Refuge Assurance has established a 26-place nursery at its new headquarters in Wilmslow, Cheshire.**

The move is one of a growing number by financial services companies intended to help staff recruitment and retention.

The nursery was agreed with MSF, the general technical union, when the company moved from the centre of Manchester. It was intended to encourage women with children to move with the company to Wilmslow.

Secretary, earlier criticised industrial action at the hospital, and insisted that no staff would gain better gradings on the new structure by taking action.

Action by about 500 health staff at Hartwood Hospital, near Shotts in Scotland was also called off yesterday after four nursing auxiliaries who had been suspended for working to grade over the clinical regrading were reinstated.

Nupe had accused Lanarkshire Health Board of victimisation after a union official was suspended. The union said working to grade had been suspended to allow other staff to hold meetings.

Elsewhere, several hundred nurses staged a one-hour protest outside the Royal Victoria Hospital in Belfast.

**High quality of staff is crucial in plant where computers rule**  
 Charles Leadbeater on Pirelli's factory of the future

WORKERS AT Pirelli General's cable factory at Aberdare in south-Wales are a special case in their contracts which reads: "Employees will promptly carry out all instructions given by the unit's management or an electronic display."

The clause was included because most instructions are delivered not by managers, but by the computer system which controls the plant's £20m computer integrated manufacturing system.

According to the company the plant, which manufactures basic electrical wiring cable, is one of the most advanced computer integrated, flexible manufacturing systems in the country.

There are no forklift trucks carrying around components, only computer guided vehicles. The company's offices are designed to be paperless. The production system is run by a suite of IBM computers, which controls everything from production schedules to testing the quality of the finished product.

Workers clock on in the morning using something that looks very like a credit card. The magnetic strip on the back of the card contains a record of their skills. As they register for work the central computer automatically calculates what labour is available, what tasks need to be done and how workers should be deployed around the plant.

Mr David Yeandle, employee relations manager for Pirelli General says: "This project is regarded as a prototype for the whole Pirelli Group. It is an example of what factories may be like in the 21st century."

But Mr Yeandle insists that the plant's expensive technology is only one element in what will make the factory as successful: "From the beginning we realised our personnel policies had to match the sophistication of the technology."

"This project is regarded as a prototype for the whole group. It is an example of what factories may be like in the 21st century."

The company, which has manufactured on the site since 1971, closed its first factory in 1985. However, it then announced its plan to build a fully automatic plant on the site. Of the 80 workers made redundant at the new plant, which opened in July.

The company says that once the new Aberdare plant reaches full production in 1989, it will "cease to produce building wires using traditional manufacturing methods" at its factory in Southampton, a phrase union officials interpret as a sure sign of closure.

The Aberdare personnel policy is based on four interlocking elements. All employees, whether in production, maintenance, or administration, enjoy the same terms and conditions. They have the same holidays, hours of work and pensions. All are on a common pay structure.

Finally, all this has in part been facilitated by a single union, no-strike agreement with the white-collar section of the GMB, general union. About 80 per cent of the 140 workers at the plant are union members.

Mr Yeandle says: "We want to motivate people and build a sense of common purpose, unity and teamworking. To do that you have to remove status barriers between different groups of workers."

The abolition of traditional demarcation lines between white-collar and blue-collar workers, skilled and unskilled, allows the introduction of much more flexible working practices.

Not only does the plant have the familiar flexibility, which allows managers to move workers around the plant, and within the traditional areas of production and maintenance. At Aberdare there is also flexibility between production, maintenance and administration.

A production worker could be expected to fill in the company offices if the central

**EMPLOYMENT**

**Dock group suspends operations over action**

By Our Labour Staff

PORTSMOUTH'S biggest container freight company, Commodore Shipping, yesterday temporarily suspended operations after local dockers refused to end an overtime ban in a dispute over pay.

The move came after dockers belonging to the TGWU transport union blocked the gates of the container terminal in protest at the sacking by the company of 47 of their colleagues.

Mr Derrick Oswald, Commodore Shipping's managing director said that although the company's remaining 140 employees would continue to be paid, cargo handled for the Channel Islands and Spain would remain "locked up."

Mr Oswald said: "Clearly in a company like ours, we need to work overtime."

TGWU local officials however said that the dockers had been offered a 7.1 per cent pay rise which had been rejected because it was "only just above the cost of living."

They also said that dockers at Brighton, Southampton, Guernsey and Jersey, had refused to handle the company's cargo in support of the sacked Portsmouth workers.

Mr Alex Hodder, a TGWU official, described developments as the "most serious dispute" the port of Portsmouth had had.

**NUR plea to TUC over recruitment**

By Jimmy Burns, Labour Staff

THE TUC may soon have to intervene to try and avert a further outbreak of inter-union warfare involving Britain's two main rail unions.

The National Union of Railwaymen is understood to have decided to appeal directly to the TUC to intervene after its leadership failed earlier this week to resolve its differences with the leadership of Aslef, the train drivers' union, over the issue of recruitment.

The long-standing rivalry between the two unions has been aggravated in recent months by the introduction by British Rail of a "trainman" grade which ends the traditional demarcation between guards and drivers.

The NUR in September wrote to its members who are guards urging them to resist any attempt by Aslef to recruit them once they had been retrained as drivers.

Aslef considers that the move is in breach of an agreement reached in 1981 which specifies that NUR members entering the driver line of production must be encouraged by their union to join Aslef.

However at a general meeting last month of the Federation of Rail Unions, a consultative and advisory body, NUR officials said they wanted parts of the agreement rewritten to reflect changing circumstances.

The NUR view is that the agreement was written at a time when a merger was being

considered and cannot be applied to conditions governing recruitment under BR's latest plans.

Meanwhile in its latest journal, Aslef states that it has recently recruited NUR members in the BR driver's line of promotion. However the union claims that it only did so after giving the NUR prior notice of its intentions as required under the TUC principles governing the relationship between its affiliates.

The NUR move is unlikely to be welcomed by the TUC which is anxious that unions should resolve their differences among themselves with a minimum of public acrimony, particularly following the controversy surrounding the expulsion of the EETPU electricians' union.

Drivers operating conventional double-manned trains on London Underground are to get similar pay to their colleagues on the more advanced one-person operated trains.

Management have agreed to the increased payment to stem recruitment problems on London's Northern and Central Lines which in recent months have led to disrupted services.

Under the agreement a driver on a conventionally manned tube train will earn a basic weekly rate of £179.54p compared to £152.99p previously.

Earlier pay differentials have provoked the threat of industrial action by Aslef drivers.

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Interim dividend per share	6.50p	7.80p

\*Revised to reflect a change in accounting policy for accrued income.

Dividend Profile

Index (1978 = 100)

BIT dividends per share  
Retail price index

at 30th September in each year

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Saturday November 12 1988

## Mr Bush at the Alamo

MR GEORGE BUSH has single-mindedly devoted his life to a relatively simple goal: becoming President of the United States of America. Now he faces a far more difficult task: doing something useful with the office he has achieved.

Unfortunately, Mr Bush has impaled himself on a dilemma. If he is to be a successful President, he will first have to reverse his commitment on taxes. In so doing, he will lose a valuable asset, his own credibility. If he sticks to his campaign commitments, however, he will be at the mercy of financial markets, which are less adept than voters at reading lips.

It is not that Mr Bush is starved of good advice. There are plenty of pundits arguing not only that disaster is round the corner, but that a tax increase is part of the solution. Quite apart from his commitment against such tax increases, Mr Bush's instinct would be to reject such advice. After all, he inherits an economy with all the obvious signs of success: full employment and six years of sustained growth. Why tamper with this achievement?

If action is to occur it has to be reasonably simple and well-focused. It also needs to be motivated as much by a carrot as by the stick of economic catastrophe. What the President-elect should be told is that the relatively simple step of agreement to a fully credible programme for eliminating the federal budget deficit entirely may turn the Reagan recovery into another Golden Age for the world economy. That is a prize worth the eating of a few words.

### Inflation controlled

Valuable things have been achieved in the 1980s. Inflation was brought down and remains more or less under control. The power of money has been restored to that of the market. There has been significant deregulation and liberalisation in both the US and a number of economies of Western Europe. The European Community has also committed itself to the Single Market Programme, which promises further liberalisation.

Meanwhile, Japan has begun the restructuring and internationalisation of an outstandingly successful, but hitherto partially closed economy. Many developing countries have come to accept the wisdom of changing economic strategies. Even the Soviet Union has embraced the logic (if not yet the practice) of market-oriented reform.

In short, given the continued pace of technological change,

there seems to be no fundamental reason why the world economy should not again achieve an era of sustained growth comparable to the 25 years from 1948 to 1973. The key condition now is, however, relief from the pressure of US demand on the world's surplus savings.

### World's savings

It is not that the fiscal deficit of the US is that large in relation to the US economy, but it is very large in relation to both US savings and to savings in the rest of the world economy. As Mr Fred Bergsten of the Institute for International Economic Studies notes, in 1987 the budget deficit was equal to no less than 85 per cent of net private saving in the US. It also amounts to about 10 per cent of the gross savings of all the other relatively advanced industrial countries put together.

The deficit has created major problems. The most important consequences have been the crowding of the indebted developing countries out of world financial markets and high real interest rates, which have contributed to the fragility of the world's financial system. Fortunately, far from needing American pump-priming, the world economy needs cooling off. Whatever justification there may have been for the US to consume more than it was producing a few years ago, there can be none for spending more than it can produce today.

So the US has a choice, with an immensely attractive opportunity on one side and great dangers on the other. The foreign exchange markets now suggest that the choice may not last for long. As the dollar falls, the Federal Reserve will tighten monetary policy, in order to avoid inflation. The risks of a recession in the US caused by higher interest rates is considerable when the financial system is so fragile.

So action is required - and soon. It is true that Mr Bush can go on pretending that the Gramm-Rudman targets will be met without tax increases. The problem is that those targets can be met only if expenditure is not increased, which is most unlikely.

Mr Bush faces a fairly immediate choice, one that will almost certainly determine how historians write about his presidency. He can swallow both his pride and his words and accept the challenge with Congress in changing fiscal policy. Alternatively, he can try to "tough it out" and so go down like the heroes of the Alamo. Either stubborn failure or inglorious success, the choice is his.

## David Waller looks at the potential value of the companies within Lonrho

Lonrho, the London-based conglomerate headed by Mr Tiny Rowland for the last quarter of a century, is "in play".

Mr Alan Bond, the Australian entrepreneur, has bought a 20.5 per cent stake in the group, the collective mind of the City of London is now concentrated on the probability of a break-up bid for a collection which comprises 800 companies in 80 countries with annual turnover of \$32m.

With a vast range of interests, ranging from gold and platinum mining in Africa to motor vehicle distribution, publishing, hotels and agriculture, Lonrho would appear to be an ideal candidate for dismemberment.

In anticipation of a carve-up, Lonrho's shares have risen formidably over the last two months, from 250p to around 400p, a level which few believe to be justified on the basis of Lonrho's earnings alone.

A bid from Mr Bond, it is felt, would crystallise the value of Lonrho's asset portfolio in the same way that Nestlé's bid for Rowntree brought out the true value of the chocolate company's famous brands.

There is a problem, one that has undoubtedly deterred would-be predators in the past: just under half of the group's pre-tax profit of £200.2m last year came from Africa, £40m from South Africa and no less than £86.6m from a proliferation of businesses elsewhere in the continent.

These include the 45 per cent owned Ashanti Goldfields in Ghana, Lonrho Sugar in Malawi, Swaziland and Mauritius, and extensive interests in Zimbabwe, where Lonrho is the largest employer. The true proportion of operating profits coming from Africa could be even higher, given that the figures above are calculated after the interest bill. Interest is allocated to each geographical area pro rata to its profit contribution, although analysts believe that most of the group's debt arose from European acquisitions.

# Breaking up Tiny's far-flung empire

The jewels in the Lonrho crown are Western Platinum, the world's third largest platinum mine, located in the Marikana district of South Africa's Transvaal, and the two hotel chains: Princess Properties in Mexico, Bermuda and the Bahamas; and the Metropole chain in the UK.

### Investment bankers must be licking their lips at the prospect of such a dismemberment

could be worth as little as £96m, according to brokers James Capel, Kitcat & Aitken, however, says that if the reserves of Lonrho's mine are taken into account, it might be worth £275m - on the assumption that the platinum price rises by 65 per cent to \$970 an ounce over the next five years.

Lonrho also controls Duker Exploration, which has coal holdings in South Africa and a 36 per cent interest in Eastern Gold Holdings, which together with Anglo American is developing the Erfell mine, one of the world's largest mining projects.

Outside South Africa, the most important mining property is the 45 per cent owned Ashanti gold-field in Ghana, in which Lonrho is a minority partner with the Government.

After a 15-year period of mismanagement and stagnation, the gold-field is now feeling the benefits of a \$90m rehabilitation programme (put together by the World Bank) and the International Finance Corporation. Production is set to rise from 242,000 oz to 400,000 oz by 1990 and Lonrho's share of the profits - approximately £15m in 1987 - should increase accordingly.

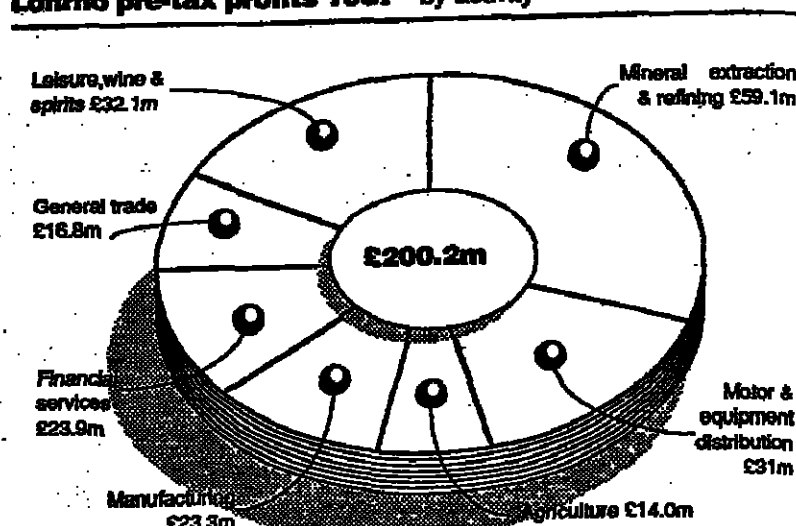
Princess Properties is Lonrho's most valuable asset, with hotels in Acapulco (the Princess and the Plaza Marques, with 1,000 rooms and extensive conference facilities), Bermuda (1,200 rooms) and the Bahamas (1,200 rooms), plus two new hotels in Palm Springs and Arizona.

According to Kitcat & Aitken, profits are currently running at more than £25m a year, and no tax is payable except in Mexico. Hotels are normally valued on the basis of a price per room, and judging by a number of recent transactions, these hotels could fetch well in excess of £600m.

The Hong Kong-based Park Lane Hotel group paid £531.5m (\$822m) for the London Churchill Hotel in February. Hongkong and Shanghai Hotels paid £55m for the St George's Hotel, which when turned into a hotel will have only 80 bedrooms.

All of Lonrho's not inconsiderable assets are in black Africa, including Lonrho Sugar (which made a profit of £15.5m last year); crop and livestock farming in Kenya; tea and tobacco in Malawi; and ranching, water and processing in Zimbabwe. In Zimbabwe, Malawi, Kenya and Zambia, Lonrho operates a mis-

Lonrho pre-tax profits 1987 by activity



Asset values estimated for 1988

Company	Value (£m)	Percentage
Ashanti Goldfields	£100m	45%
Duker Exploration	£35m	
John Holt Group	£120m	
Hondo Company	£30m	30%
Mining/ranching Zimbabwe	£30m	
Keuhne & Nagel	£130m	50%
Karyan Interests	£50m	
Lonrho Malawi	£20m	
Lonrho Sugar	£60m	
Lonrho Textiles/David Whithead	£70m	
Lonrho Zambia	£30m	
Lonrho Zimbabwe	£80m	
Metropole Hotels	£250m	
Princess Properties	£625m	
SUITS	£260m	
VAG(UK)/SEAT Concessionaires	£230m	
Western Platinum	£275m	
Other UK companies	£40m	
Other overseas companies	£30m	
UK property interests	£70m	

These values could be higher in the event of a breakup following a bid

cellary of businesses ranging from trading, motor distribution and coach-building to publishing. Although profits from these countries are vital to Lonrho, a host of political and other factors reduce their attractions for a buyer.

There are numerous other saleable assets. Someone might, for instance, be prepared to pay as much as £100m for the Observer newspaper, though it only made a profit of £2.1m last year.

And a wine enthusiast might pay \$5m for the two châteaux in France (Rausan Segla and Smith Haut-Lafite). The John Holt group, one of Lonrho's subsidiary holding companies, has problems with its Nigerian operations. However, its other businesses - such as FFI, a distributor of kitchen and bathroom equipment, or Pland Stainless, which manufactures kitchen sinks - bring its total estimated worth to £120m.

What does this all amount to? Tiny Rowland has suggested that the group would be worth 800p a share if he broke it up, or a total of £3.6m; City analysts suggest a more modest figure of between 500p and 600p (£2.25m-£2.7m), after taking into account the tax implications of a break-up.

At current levels, the company enjoys a market capitalisation of around £1.85m.

Investment bankers the world over must be licking their lips at the prospect of such a gargantuan dismemberment. Whether Mr Bond - with his interests in mining, drinks and leisure - is the man to attempt it remains to be seen. Whoever tries the break-up must remember that in Tiny Rowland, they will have a formidable opponent: he told Department of Trade inspectors investigating the company in 1973-76 that anyone wanting to kill Lonrho had to have "a sub-machine gun, mortars, all sorts of ammunition because I am going to protect it to the bitter end."

## MAN IN THE NEWS

### James Baker

# Vital figure for the Bush era

By Stewart Fleming



When President-elect George Bush announced at the post-election press conference on Wednesday morning that his first major decision was the appointment of Mr James Addison Baker III, a 58-year-old former Texas lawyer, as his Secretary of State, it was a clear statement about the character of the Bush presidency.

There had been much speculation about what job Mr Baker would want and a universal recognition that, whatever it was, he would not get it. Mr Bush and Mr Baker have been friends for 30 years and active political partners for 18 of them.

When in 1970 Mr Baker's first wife was dying, Mr Bush helped his friend through that difficult period in his life.

Mr Baker has proved how able a politician he is. As White House Chief of Staff for President Ronald Reagan, he helped to create the successful "Teflon" presidency of the Reagan first term.

In the second term, Mr Baker, working with Mr Richard Darman, who is tipped to occupy the hot seat at the Office of Management and Budget in the new Bush administration, spent much time America's major trading partners.

The aim was to get them to co-operate in the so-far successful effort to devalue the dollar and try to move the world back towards a more stable exchange rate system.

Mr Baker knew when he took the job that if his high-stakes bet failed, as it almost did on a couple of occasions - notably when his incautious comments about the dollar and the D-Mark helped to trigger last year's stock market crash - Mr Bush would not have won this week's presidential election.

whether, in order to try and get the new administration off to a flying start, he might not go back to the job he held in Mr Reagan's first four years in office and become Mr Bush's Chief of Staff. "He would have been the prime minister Don Regan always wanted to be but never was," says one well-informed Republican in a none-too-flattering reference to the man who swapped jobs with Mr Baker in 1985.

Mr Bush's post-election announcement, however, made clear that Mr Baker will be his prime minister anyway. It singled out Mr Baker as the man Mr Bush will depend on in the area of policy-making which the president-to-be is most interested in and which is vital to the success of his term of office.

The arena over which Mr Baker will preside is now the

critical policy-making area, because America's international prestige and its domestic economic performance are so closely entwined. In an interview earlier this year, Mr Baker made reference to this by stressing how much bigger a role economic issues are playing in the national security of the US.

All this is not to say, of course, that Mr Baker will be trying to run economic policy from the State Department. First of all, the main actor in that drama is the independent Federal Reserve Board under its chairman, Alan Greenspan. Secondly it is expected that Mr Nicholas Brady, the investment banker and former senator who is as old a friend of Mr Bush's as is Mr Baker, will stay on as Treasury Secretary.

Mr Baker will have plenty to do without trying to do his old job as well. But no one doubts

that when he feels the need, the pragmatic Mr Baker's voice will be heard on issues right across the policy-making spectrum. Nor is there any doubt that Mr Baker will play a central role in reaching the agreements he will need with a powerful Congress if he is to achieve the foreign policy goals he sets himself.

His appointment to the top Cabinet post - the Secretary of State is the first Cabinet officer in the line of succession should a catastrophe strike the President - sends other reassuring signals to America's allies. His closeness to Mr Bush promises to create a powerful foreign policy team which will send out a single message at a time, not the confusing babel that has often emanated from Washington when a Secretary of State has had to vie for influence with a powerful,

independent National Security Adviser, based in the White House.

Mr Bush will appoint a team player at the National Security Council and, while there will be disagreements and Mr Baker may not always win his point, Washington will be astonished if their differences frequently surface in public.

"By appointing your closest political friend you have clearly demonstrated that the Secretary of State is your principal foreign policy spokesman," Mr Baker said in a letter to a senior fellow at the Brookings Institution, a Washington think tank. The appointment also signals how urgently Mr Bush wants to get his administration in gear.

Observers in Washington cannot remember the last time a top Cabinet appointment was made the day after the election.

It would be a mistake to suggest that Mr Baker is lacking in foreign policy experience. Four years as White House Chief of Staff and then another four as Treasury Secretary in an era when the world economy was poised on the brink of crisis cannot be dismissed as light training.

But the job of Secretary of State at a time when America is struggling through a period of relative decline, to work out a new relationship with the allies that will permit it to retain its leadership role is a challenge of a different order.

Mr Baker knows that all too well, which is one reason he was so keen to get his feet under a desk at the State Department quickly. He has a lot to learn before he appears before the Senate for his confirmation hearings, probably in January.

He has proved however that he is a fast learner, a canny negotiator and a man who is wise enough to surround himself with first class associates just as he has to what they say. Just as the success or failure of Mr Bush's bid to succeed Mr Reagan has hinged heavily on Mr Baker's performance over the past four years, so too will the success or failure of the Bush presidency.

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Kevin Brown looks at London's Underground after the King's Cross report

The long-term problems remain

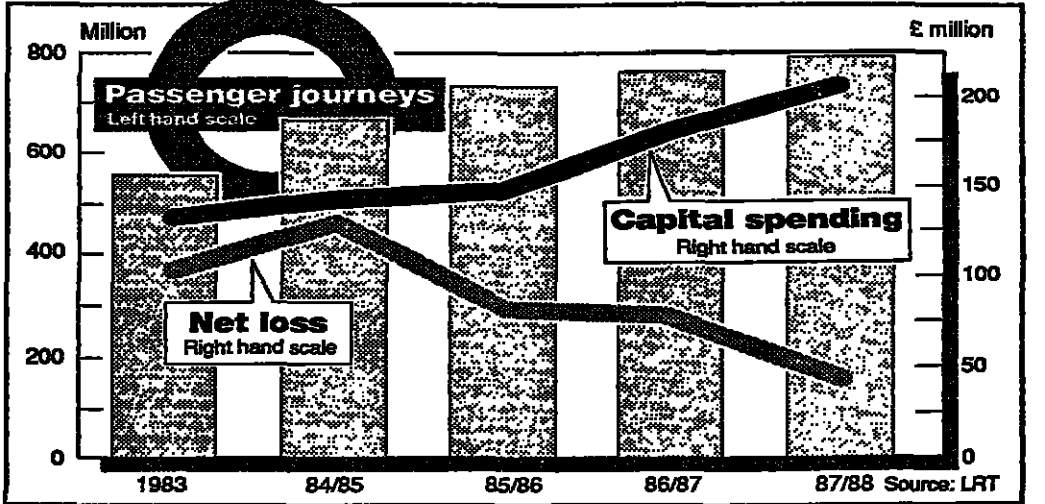
Mr Denis Tunnicliffe, managing director of the London Underground, met his top 300 managers yesterday to give them a vision of where we go from here after Thursday's publication of the King's Cross report.

Identified by Mr Fennell - the perception that no one was in charge of safety and the belief among Underground managers that they had nothing to learn from outside.

aims of LRT, which was formed in 1984 when the municipally owned London Transport was removed from the control of the Greater London Council and nationalised.

was noticeable that when he resigned on Thursday, Mr Tony Ridley insisted that he was "proud to have led the Underground from a low ebb in the early 1980s to its present position of record traffic, a sound financial base, and a clear strategy for the future."

whose job was cleaning and routine maintenance. The emphasis on cost savings also led LRT to privatise part of its cleaning services, with the loss of a quarter of the Underground's own staff.



He inherited the oldest, biggest and most complex Underground railway in the world, at a time when demand was beginning to recover, but spending had been restricted to little more than essential maintenance for 50 years.

The changes included a shake-up in line management, and an attempt to make the system more attractive to customers by beautifying some of the older stations, particularly in the central area. He faced two big problems:

that concern for safety was inherent in Underground railway operations, and required no special action. As a result, his management changes failed to address the safety problem, and it is for that omission that he had to go.

Mr Thatcher may take pleasure from the Labour party's annihilation in the Govan by-election, but she would probably have preferred Labour to win. The Scottish National Party's sensational victory on Thursday night may not herald a new Nationalist upsurge but it raises once again the question of Scotland's place in the United Kingdom, and will give the Scottish political scene a new volatility.

narrowly overtook the Conservative party in the district council elections, some pundits pointed out that the Nationalists had a chance of repeating the sudden upturn in support which they achieved in the mid-1970s. Mrs Thatcher, it was argued, had given them a weapon in the highly unpopular community charge or poll tax, being introduced in Scotland a year ahead of the rest of Britain.

March 1974 general election and obtained a second general election of that year. The Labour government had to pass an act offering Scotland a devolved assembly. But too few Scots voted in favour of it in the 1979 referendum and the Nationalists were defeated at the subsequent general election.

Scotland that Labour can no longer hope to win power in a UK general election again, and that if the party is to have any hope of introducing socialist policies in Scotland - where it has the majority of the parliamentary seats - it must set its face against London and pursue independence for Scotland.

This view was put persuasively a few weeks ago by Mr John Pollock, former leader of the Educational Institute of Scotland, the leading teachers' union, and one of the party's most respected figures in Scotland. But it is anathema to men like Mr Donald Dewar, Labour's shadow Scottish Secretary, or Gordon Brown, the shadow Treasury

James Buxton on the Nationalist by-election victory in Govan and the party's chances of sustaining momentum

A formidable, defiant voice from Scotland

Secretary, who still dream of coming to power at Westminster. They prefer Labour's official policy of promising Scotland a robust assembly based in Edinburgh.

Even though only 16 per cent of SNP supporters at Govan said - according to an exit poll - that they wanted to see Scotland independent, the SNP's newly strengthened commitment to Europe strikes chords among a surprising number of people in Scotland, including business people. No longer does it look like an isolationist party, planning to make Scotland into a kind of Albania.

With the issues of independence versus devolution coming back to the top of the agenda there will be even more pressure on the Conservative Government with its ten Scottish MPs to convince Scots that its own policies, which specifically exclude any question of a Scottish assembly - are the right ones. At the Scottish Conservative Party conference in May Mrs Thatcher highlighted the dangers of the

party's weakness in Scotland when she called on Tories to "strengthen the union" by winning back Scotland. So far there have been very few signs of a revival in the Conservative Party's fortunes in Scotland. Its support languishes at around 23 per cent in the opinion polls (against Labour's 45 per cent) and its policies in education and housing are dismissed as "Englishing" Scotland.

But a recent survey of Scottish attitudes did show that a majority of Scots accept the ideals - dear to the Tories - of owning their own homes and buying shares, if they could afford to. In what may be a significant pointer, the Conservatives have lost their third place in district council by-election in West Lothian on Thursday. The winner, in what had been a Labour seat, was the SNP.

Financing the elderly

From Mr Patrick Carroll. Sir, Donald Franklin's letter (November 9) on financing the elderly in the future suggests that raising the retirement age is the obvious way to carry the increased burden of an aged generation more numerous than before: "If they are healthier for longer they can work for longer and indeed often wish to do so".

a distinct trend to early retirement. Despite the legislated right to retire at a later age, more and more people are retiring early. (NS Statistical Bulletin July-September 1988).

Ironically, however, a high percentage of this increase will be returned to Mr Lawson. In common with other institutions, hospitals pay for the public services: water, gas and electricity. Since April, all these have risen considerably - from between 6 per cent and 9 per cent.

The proposed charges for eye tests and dental check-ups are, without doubt, a form of indirect taxation imposed by a Government with a commitment to reduce taxes. One wonders how soon will it be before a charge is made for cancer screening - on the grounds that most people can afford to pay for it. (There are already facilities, under private health care schemes, for complete physical check-ups if the subscriber is willing to pay).

Prevention is always better than cure. Delayed treatment for eye surgery, perhaps, or oral cancer which remains undetected, could well involve the NHS in far greater expenditure than the few millions accruing from the proposed charges.

The sky's the limit

From Mr Lindsay Hutchinson. Sir, Mr David Smyth's letter (October 28) about the original purpose of the stock exchange was very interesting; his conclusion, presented as a question, is that speculative risk taking, maximisation of profit has reached a stage at which regulation is ineffective.

However, Mr Smyth directs our attention to the fact that the Bank entirely did away with the archaic practice of independent national market. Plainly, individual members did apply, before 1986, something like rational control, but under corporate membership dual capacity (acting and negotiating) commissions, the sky's the limit - as Mr Smyth points out.

Indeed, the correlation of property shares with property is very poor indeed. The divergence is so great that it is hard to believe that the one should be a reflection of the other.

This seems to say that a share is a share, and the underlying sector results are of less significance than the general trend of the stock market itself.

Biological ways of controlling pests would be better than chemical

From the President, International Fund for Agricultural Development (IFAD). Sir, Canada James' Caribbean Countries on Locust Alert" (October 26) raises the important issue of chemical and biological insect control in the developing world. Chemicals do provide some control, but their dispersal is costly and often harmful to the ecosystem in which they are applied.

emergency measures can only make the problem less serious. The lessons learned from the latest plague are that in order to prevent the periodic locust invasion, measures are needed in the form of strengthening or creating regional institutions to carry out surveillance and pest prevention.

IFAD is now considering a similar research project in collaboration with the International Centre for Insect Physiology and Ecology (ICIPE) in Nairobi, Kenya, to identify biological ways of controlling the desert locust. The use of predators to control the desert locust on a wide scale is complex, because any predator must be able to reproduce and spread at a faster rate than the desert locust itself.

necessary resources to biological research, and applicable solutions are found, the people of the Third World will have an efficient, environmentally sound means to control the desert locust.

If not, governments and aid agencies will be forced to respond on a short-term, ad hoc basis, with evanescent results.

LETTERS

From Mrs Gladys Turner. Sir, The announcement in the UK Chancellor's Autumn Statement that the National Health Service (NHS) was to receive a £2.2m increase in funding naturally appealed to many Conservative backbenchers, and thereby tempered their criticism of the proposed charges upon individuals for eye tests and dental check-ups.

Looking at the returns (that is, total return, capital increase or decrease, and income from property shares) versus all shares, and then versus direct property returns (using Phillips and Drew data for total return and capital increase, and Investors Chronicle/Hillier Parker data for property returns), property shares have been more heavily influenced by all-share movement.

That being the case, it also follows that asset allocation bases are suspect; if all shares are a homogenous group, then the concern with which sectoral balances is monitored is largely misplaced. Equally, in counting exposure to property investment, a pension trustee can safely disregard property share exposure.

nesses were indeed floated. The result was not further capital investment but further monopolisation, control by the institutions and export of capital.

Indeed, the correlation of property shares with property is very poor indeed. The divergence is so great that it is hard to believe that the one should be a reflection of the other.

That being the case, it also follows that asset allocation bases are suspect; if all shares are a homogenous group, then the concern with which sectoral balances is monitored is largely misplaced. Equally, in counting exposure to property investment, a pension trustee can safely disregard property share exposure.

As Mr James notes, blackbirds and egrets are serving as biological control agents in

containing the spread of locusts in the Caribbean. The challenge lies in finding natural predators which could adapt to the desert locust's habitat in Africa.

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ADVERTISMENT: BUILDING SOCIETY INVESTMENT TERMS. A detailed table listing various investment products from different building societies, including their names, types (e.g., Fixed Rate, Variable Rate), interest rates, and other terms and conditions.



UK COMPANY NEWS

Dublin court orders Fyffes to sell IDG stake to Pernod

By Kieran Cooke in Dublin and Lisa Wood in London THE SUPREME Court in Dublin yesterday upheld a ruling ordering Fyffes, Dublin based food company, to sell its 20 per cent stake in the Irish Distillers Group to the French Pernod Ricard company.

Struggle at Bestwood as ex-chief plans return

By Philip Coggan A STRUGGLE for control at Bestwood, property and industrial holding company, is now under way with Mr Tony Cole, its former chairman, aiming to return to the board as chief executive.

Norex to bid for LOFS

By Vanessa Houlder NOREX, the shipping company formerly known as Common Brothers, yesterday said it was considering making a bid for London & Overseas Freighters, the UK tanker group. Details are expected to be announced next week.

Maxwell to acquire Italian publisher

MR ROBERT Maxwell went to Milan yesterday and announced he was negotiating to acquire control of loss-making IPSOA, an Italian text book and scholastic journals publisher.

Problems joining Hephher and Black Horse

Nick Bunker on the decision facing Abbey shareholders over a merger with Lloyds MR MICHAEL Hephher is a persuasive man. But his reputation as one of the life assurance industry's most articulate managers has been tested to the full in the last three weeks.

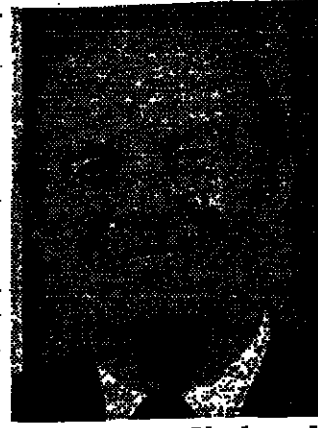
Problems joining Hephher and Black Horse

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sonal pensions boom and the collapse of product barriers between banking and insurance sectors. For instance, Mr Hephher says: "The Financial Services Act has had the most profound effect on life assurance of any legislation this century."



Michael Hephher - adamant that Abbey could still prosper



Brian Pittman - Lloyds would get 57% without a full bid

1987 had a 22bn leading and instalment credit portfolio. "Bowmaker is low quality by comparison to Abbey," says the chief investment manager of one large pension fund bothered by its bad debt potential.

A more fundamental objection is the principle at risk if institutional investors vote themselves into a minority, shrinking shareholder value by blocking the potential for bids from anybody but Lloyds.

If the vote goes against Abbey's board, its public announcements leave scant room for re-negotiation. A letter from Abbey's board to shareholders this week stressed that Lloyds would not make a full bid. Hephher says the alternative option of excluding Bowmaker from the deal is unacceptable.

Reorganised Goldberg profits fall to £0.34m midway

By Maggie Urry A GOLDBERG, the Scottish-based retailer, saw a fall in group interim pre-tax profits but Mr Mark Goldberg, chairman and chief executive, said this period was the most significant one of change for the group.

absence of the £227,000 profit from the credit card operation, the remaining 40 per cent share of which was sold at the start of the year for £5.9m, meant that group profits fell from £760,000 to £344,000.

capital expenditure would be in line with depreciation. Much of the expansion has been in England. In the Wynges fashion chain and the Schuh footwear business, 40 per cent of sales will be made in England by the year end.

now held a 25.3 per cent stake in Goldberg. Charterhall was treated just as other shareholders. "Our priority is to grow the business for the benefit of all the shareholders."

a quarter of the shares. It is encouraging that the management is handling the transition so well - at least in communicating its strategy. However, it is clearly a difficult time to be expanding in the fashion market just when others are seeing profits fall.

Waverley Cameron expanding

By Vanessa Houlder WAVERLEY CAMERON, the loss-making stationery retailer, has announced its second set of acquisitions since Mr James Gulliver, the former Argyll chairman who now heads Lowndes Queensway, took control in February.

reinforce the company's retailing and distribution interests and lay the foundations of a marketing division. The retailing and distribution side is expected to include stationery and niche retailing while the marketing operation will cover marketing services and the sale of branded consumer goods.

Partners is a Midland-based retailer with 13 outlets that sells commercial, educational and social stationery. Plans are already laid for the opening of three new shops and for further expansion on a national basis. It made pre-tax profits of £278,000 for the nine months to April 2, at which time it had net assets of £231,000.

Harrison Inds warns of first half downturn

By Fiona Thompson Harrison Industries, manufacturer of industrial and domestic doors, castings and power transmissions, warned yesterday that its pre-tax profits for the six months to September 30 would be substantially down on last year's. The interim figures will be published in January.

Midland continues talks for Italian bank stake

By David Lascelles, Banking Editor MIDLAND BANK is expected to pursue its plans to buy a 40 per cent stake in Eurobimobiliare, the Italian investment bank, after talks with the bank and its owners in London this week.

erto Vitale, the managing director of the Milan-based bank, and a representative of the bank's three controlling shareholders, headed by Mr Carlo de Benedetti.

LONDON RECENT ISSUES

Table with columns: Issue, Amount, Latest, 1988, Stock, Closing Price. Includes entries for Anglo-Continental, Anglo-Continental, Anglo-Continental.

FIXED INTEREST STOCKS

Table with columns: Issue, Amount, Latest, 1988, Stock, Closing Price. Includes entries for Anglo-Continental, Anglo-Continental, Anglo-Continental.

RIGHTS OFFERS

Table with columns: Issue, Amount, Latest, 1988, Stock, Closing Price. Includes entries for Anglo-Continental, Anglo-Continental, Anglo-Continental.

TRADITIONAL OPTIONS

Table with columns: Issue, Amount, Latest, 1988, Stock, Closing Price. Includes entries for Anglo-Continental, Anglo-Continental, Anglo-Continental.

Leisuretime US purchase

LEISURETIME International, the hotel, travel and nursing home operator, is to buy the Howard Johnson Hotel in Orlando, Florida, from Lake Wilson Motel Corporation for \$2m (£1.4m) in cash.

Edmonds reverses interests into Irish shell

By Philip Coggan MR PHILIPPE Edmonds is set to become the first Zambian-born England cricketer to be chief executive of a listed company after he reverses his private business interests into Woodington, an Irish shell.

COMPANY NEWS IN BRIEF

BENLOX HOLDINGS Rights issue has been taken up in respect of 9.6m shares (89.6 per cent). EDINBURGH HIBERNIAN is buying Tavern in the Town licensed restaurant in Easter for \$300,000 net cash from receivers of Margamain.

CI expands castings with £4.9m share deal buy

By Richard Tomkins, Midlands Correspondent CI GROUP, Wolverhampton-based steel and engineering group, is to buy William Coupe (Higher Watton), a family-owned foundry near Preston, Lancashire, in a share deal worth \$4.9m.

MB shares to be relisted

By Maggie Urry SHARES OF MB Group, the former Metal Box, which is merging its packaging interests with Carmaud, French packaging company, are to be relisted on the stock market on Monday. They were suspended at 273.4p on October 28, when the merger was announced.

DIVIDENDS ANNOUNCED

Table with columns: Current payment, Date of payment, Current dividend, Total for year, Total last year. Includes entries for Barton Transport, Goldberg (A), Humber Int, Seale, Whitbread Int.

For rate indications see end of London Share Service. Calls in Greenwich Res. Control, Norfolk Cops, Control

owns fishing rights on the banks of the Tweed and a development in Birmingham, will be injected into Woodington in the near future.

James Capel and others. Under the terms of the current deal, Woodington will acquire Preludeward for an initial 4.5m shares, with a further 1.5m shares issuable, dependent on an asset valuation.

detailed documents will be published later, before an agreement to approve it. MB also said that for its shares to be listed after the merger goes through, on April 1 1989, it would prepare an accountant's report on its trading and financial record. This was needed because "the ability of the reshaped MB for listing has not been agreed with the Stock Exchange".

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Third market.







INTERNATIONAL COMPANIES AND FINANCE

US chipmakers head for sharp dip

By Louise Kehoe in San Francisco

US CHIPMAKERS, who had been anticipating a gradual slowdown in business next year, appear to be heading into a sharp decline.

Two of Silicon Valley's largest semiconductor manufacturers have reported a significant worsening in market conditions.

Mr Charles Sporck, president of National Semiconductor, said he expected the company to show "significant operating losses" in the current quarter. His statement came as a disappointment to industry analysts since only two weeks ago, National described several of its semiconductor product lines as profitable with strong sales.

National's bad news came on the heels of an announcement from Advanced Micro Devices that it planned to lay off up to 1,000 US employees in January and undertake a large restructuring of its business.



Charles Sporck: expecting significant operating losses

The decline in semiconductor orders from the personal computer market was also reflected earlier this week in the industry's leading indicator, the book-to-bill ratio, which fell to a three-year low of 0.93 for October.

This means that the industry "booked" new orders worth \$92 for every \$100 worth of chips sold during the month.

National's projected losses have, however, provided evidence that the semiconductor decline may be far broader than anticipated.

National has relatively little exposure to the volatile personal computer sector and had therefore not been expected to be as badly affected as AMD.

National said it had experienced a "sharp decline in bookings and sales" through distributors who sell semiconductors to a broad range of electronics manufacturers.

At National, semiconductor losses may be partly offset by an anticipated improvement in its computer business.

The company said it expected significant improvements in the operating performance of its Information Systems Group.

It added that it views the decline as an "inventory correction." Distributors bought heavily over the summer months, National said, and may now be overstocked.

While some analysts suggest that National and AMD's problems may be related to the fact that both companies were involved in major acquisitions recently - National acquired Fairchild's semiconductor operations while AMD merged with Monolithic Memories - others see this as the beginning of an industry-wide decline in US semiconductor sales.

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Norway rescues savings banks

By Karen Fossil in Oslo

THE Bank of Norway and the government-backed Savings Bank Guarantee Fund have assembled a Nkr800m (\$131.7m) rescue package for two savings banks.

In September, the central bank and the Guarantee Fund of the Commercial Banks intervened as lenders of last resort to Summoensbanken, a medium-sized commercial bank.

The two savings banks, both based in the north of Norway, are Sparebanken Nord and Tromsø Sparebanken. Each will receive Nkr300m from the Guarantee Fund, and a five-year soft loan from the central bank will be made available to the new bank to be created by a merger of the two.

According to Mr Erling Selvig, chairman of Norway's Banking, Securities, Insurance and Exchange Commission, approval of the rescue package by his organisation is conditional on the merger, changes to the board and top management of both banks and a major reorganisation.

Details of the merger were reported yesterday but Mr Selvig said that the new board to be created will include officials from the central bank and the Guarantee Fund.

The two banks have combined assets of around Nkr1.6bn. They control some 75 per cent of the banking sector in northern Norway.

Sparebanken Nord is expected to make a loss of Nkr200m for 1988. Losses at Tromsø Sparebanken could reach Nkr300m.

Electrolux acquires US garden equipment group

By Robert Taylor in Stockholm

ELECTROLUX, the US world's leading white goods manufacturer, has bought part of Roper, one of America's leading producers of garden equipment, for \$25m. The deal confirms Electrolux's strategy in expanding its acquisitions in outdoor consumer products.

Earlier this year, Electrolux failed in its bid to buy the Murray Ohio Manufacturing lawnmower company, which was eventually acquired by Tomkins of the UK for around \$24m. It is buying the Roper business from General Electric of the US.

Mr Anders Scharp, Electrolux's chief executive, said the company had its eye on Roper when it had been battling for control of Murray. But it admitted it would then have

faced an anti-trust problem if the sale had gone ahead because Roper, like Electrolux, manufactures kitchen stoves.

Roper was acquired by General Electric six months ago and Electrolux has now bought the garden equipment side of the company. Roper had annual sales of \$400m last year and employs 2,500 workers in plants in Georgia and South Carolina.

The outdoor consumer goods business has become a rapidly expanding area for Electrolux in the past two years. In 1987 its sales in that sector totalled SKr4.47bn (\$732m) and accounted for almost 10 per cent of total operating income. This was mainly due to the acquisition of the Poulan/Weed

Ester of the US, which makes chainsaws as well as lawn trimmers and blowers.

Earlier this year, Electrolux bought A and E Systems, the largest American manufacturer of window awnings and fittings for mobile homes.

"The market for garden equipment is being globalised in the same way as for other household products," said Mr Scharp yesterday. "The US accounts for as much as 40 per cent of the world market. For some years our plan has been to acquire some of the larger companies in that sector."

He added that as a result of the purchase of Roper's garden equipment activities, the company's outdoor products division would have total annual sales of \$1.2bn.

Unigestion in partial rights issue

By William Dullforce in Geneva

UNIGESTION, the Geneva-based finance company which took control of Banca della Svizzera Italiana earlier this year, is reinforcing its capital through a partial rights issue.

Shareholders are being asked to authorise the issue of 38,000 new bearer shares with a nominal value of SF750 (\$340) each to take the share capital from SF75m to SF114m.

A tranche of 13,500 new shares will be offered to current holders of both registered and bearer shares as a one-for-20 rights issue. The second tranche of 24,500 shares will be placed with institutional and private investors close to the company.

The price for the second tranche will be close to the market price, which was SF1.700 yesterday, while the first tranche will be offered at a discount of approximately 20 per cent. Mr Paul Pignat, the chief executive officer, said. Although, the new issue is expected to raise some SF65m.

Mr Paul Pignat said it would underpin Unigestion's expansion. In particular, it would support the market making in Swiss securities it plans to launch next year and enable it to participate in the capital increase BSI may need to undertake.

In partnership with Park Tower, a New York real estate company, Unigestion acquired 36 per cent of the capital and 51.4 per cent of the voting rights in BSI, Switzerland's sixth largest commercial bank, in May.

Saga rejects Elf merger offer

By Karen Fossil in Oslo

SAGA PETROLEUM, the Norwegian oil company, has rejected an offer to merge with Elf Aquitaine Norge, the Norwegian subsidiary of Paris-based Société Nationale Elf Aquitaine, despite pressure from major shareholders and Norwegian officials.

Pressure for the company to either merge or co-operate with a domestic or foreign oil group in an attempt to strengthen its financial position has been building for some time. This week Saga posted a sharp drop in nine-month pre-tax profits to Nkr163m (\$24.8m) against Nkr340m last year.

The invitation by Elf to open negotiations with Saga is the second failed attempt by the two to merge. The first attempt was in 1986 when Saga approached Elf at a time when it needed a large cash injection to sustain operations.

Both attempts appear to have foundered, however, on the French oil company's insistence on holding a majority stake in the merged company.

Norwegian authorities have protected the position of Saga by giving it quality stakes in major oil and gas fields and by approving field development

plans which critics say are uneconomic under prevailing international oil prices.

In August, Mr Gerhard Heiberg, president of the Aker group which holds a majority 20 per cent stake in Saga worth about Nkr400m, supported a merger or co-operations agreement for the company.

Aker, whose financial situation has also weakened this year, is currently seeking a buyer for its Saga stake. Last month, Mr Heiberg said that he was seeking to arrange a merger between Saga and Elf or Total-CFP, another Paris-based oil company.

Barrick optimistic in spite of gold price fall

By Kenneth Gooding, Mining Correspondent

REPORTING record earnings for the third quarter and first nine months of the current year, American Barrick Resources, the North American gold producer, expects continued earnings growth in spite of the recent fall in the gold price.

It predicts further increases in gold output and says it is benefiting from its comprehensive hedging programme.

Through its gold-linked financings and hedging, Barrick has secured a minimum average price of \$430 a troy ounce for about 75 per cent of its production in the next three years while retaining significant upside potential should gold prices increase.

Barrick's gold deliveries in the nine months were 217,049 ounces at an average realised price of \$450 an ounce against 153,886 ounces at an average of \$382 in the same period of 1987.

Gold production in the nine months was 224,288 ounces, against 183,838 ounces. In August a \$23m, 4,500 ton a day oxide mill at Goldstrike Mine in Nevada started operations and is now working at above design capacity.

Barrick, which is based in Toronto, reports net income for the nine months rose by 31 per cent to C\$23.2m (\$19m) or 39 cents a share, fully diluted, compared with C\$17.7m or 34 cents in the same months last year. Revenue rose by 46 per cent to C\$212.1m.

Operating cash flow increased in the nine months to C\$54m or 90 cents a share, against C\$30.5m or 57 cents.

Net income in the third quarter of C\$9.1m or 15 cents a share was 25 per cent higher than the C\$7.3m or 13 cents earned in the corresponding quarter of 1987.

Allied-Signal restructures unit

By Our Financial Staff

ALLIED-SIGNAL, the US group which provides a range of products to the aerospace and automotive industries, is to reorganise its Garrett Automotive operations in North America and Europe in a bid to cut costs.

The group, which has been steadily restructuring during the past few years, is to consolidate 15 plants into eight in the next two years and cut about 500 jobs, mostly in North America.

Garrett Auto will concentrate its North American manufacturing at its plants at Torrance and Harbour City, California, and Mexicali, Mexico.

Garrett has about 4,000 employees worldwide and has about a 50 per cent share of the \$750m annual world automotive turbocharger market. Allied-Signal said it also supplies air coolers.

Court to hear Pillsbury move

A DELAWARE Court judge requested attorneys to submit briefs by Monday on when the court should hear Grand Metropolitan's new motion challenging Pillsbury's poison pill.

Grand Met is seeking to overturn Pillsbury's poison pill, which would make it extremely costly for the British company to buy the 74 per cent of Pillsbury shares it has acquired in its \$80 a share buy-out offer.

On Monday, a Delaware judge refused to grant a preliminary injunction blocking Pillsbury's poison pill shareholder rights plan.

Sara Lee in Israeli agreement

By Andrew Whitely in Jerusalem

SARA LEE, the US foodstuffs and personal products conglomerate, is to take a substantial stake in Delta-Gallil, a leading Israeli textiles company, in a move aimed at strengthening its men's underwear business.

The Chicago-based corporation said yesterday that negotiations were likely to be completed shortly for Sara Lee to take a 25.1 per cent interest in the Israeli concern. An option to raise the holding to over 40 per cent at a later stage is included in the draft agreement.

In an announcement to the Tel Aviv Stock Exchange this week, Delta-Gallil said the US

investor would be paying \$16.7m for its initial stake, arranged through an expansion of the Israeli company's capital base.

Mr Dov Lautman, president and chief shareholder who has been seeking a foreign partner for some months, will retain control.

Delta-Gallil exports high fashion underwear to Western Europe, where its principal customer is the Marks and Spencer stores chain.

More recently, it has turned to the US, marketing its goods under Sara Lee's own Bill Blass label.

Sara Lee said yesterday the

investment was part of its long-term strategy in the underwear business. Its goal is believed to be to use the Israeli company's tariff advantages in the European Community to establish a strong foothold before 1992.

Although 70 per cent of Sara Lee's \$10.4bn annual turnover is still derived from food products, it has become a major force in the men's underwear, hosiery and shirt sectors of the clothing business.

Apart from Will Blass, some of its other well-known brand names are Hanes, L'eggs, Hillshire Farms, Kiwi polishes and Sara Lee.

Lai Sun advances as turnover soars by 90%

By Michael Murray in Hong Kong

LAI SUN Development, the Hong Kong property group, has reported net profits of HK\$32.5m (\$4.2m) for the year ended July 1988, an increase of 62 per cent over the previous year.

Lai Sun Development, formerly the Lai Sun Garment Company, became a property development and investment company last year when its garment manufacturing activities were hived off as Lai Sun Garment International, which is listed separately on the Hong Kong Stock Exchange.

Turnover for Lai Sun Development grew by 90 per cent to HK\$1.55bn for the year. An extraordinary loss of HK\$22m from the transfer of the garment businesses to the new Lai Sun Garment International reduced attributable profits to

HK\$307.3m.

The profits were better than expected, with both rental income from investment properties and development profits benefiting from buoyancy in the Hong Kong property sector.

Lai Sun Garment International itself yesterday reported group net profits for the 10 months to its incorporation on 29 September 1987 to July 31 1988 of HK\$349.2m.

Extraordinary losses of HK\$64m arising from the restructuring reduced attributable profits to HK\$285.2m.

Lai Sun Garment International has a 50.01 per cent stake in the ordinary share capital of Lai Sun Development, and also controls Crocodile, another local garment manufacturer in which it acquired a 74 per cent stake last year.

Schindler sees a lift in earnings

By John Wicks in Zurich

SCHINDLER, the Swiss lift and escalator company, expects group profits to rise to at least \$54.4m (\$54.4m) this year. Earnings rose by 34 per cent to a record SF65.2m over the same period last year.

The company said turnover should be about 20 per cent higher than last year's SF1.8bn. Order growth had also advanced and the figure for the full year would be better than the 17.7 per cent growth rate reported for the first half.

Schindler said an agreement has been signed for its acquisition of the lift and escalator businesses of Westinghouse Electric in the US.

The takeover would add SF750m to Schindler's annual turnover, which is almost half the group's 1987 figure of SF1.5bn for lifts and escalator sales.

WORLD COMMODITIES PRICES

**WEEKLY PRICE CHANGES**

	Latest prices	Change on week ago	Year ago	High 1988	Low 1988
Gold per troy oz.	\$420.5	-4.25	\$485.25	\$485.5	\$394.75
Silver per troy oz.	355.65p	+37.5	380.25p	457.75p	338.75p
Aluminium 99.7% (cash)	\$2340	+125.5	\$1860	\$4205	\$1915
Copper Grade A (cash)	\$1750	+25	\$1694.5	\$1894.5	\$1129.5
Lead (cash)	\$237.25	+8.25	\$257.5	\$402.5	\$229
Nickel (cash)	\$13450	+1000	\$2355	\$22200	\$4022.5
Zinc (cash)	\$1499	+4.5	\$499	\$1672.5	\$850
2-in (cash)	\$4125	-82.5	\$4010	\$4540	\$3625
Cocoa Futures (Mar)	\$111.8	-0.2	\$115.5	\$115	\$102.35
Cotton Futures (Jan)	\$1.11.8	+0.35	73.75c	75.5c	54.9c
Wool (645 Super)	\$30p	-5	480p	675p	484p
Rubber (Spot)	\$3.0p	+2.5	62p	88p	\$3.00p
Oil (Brent Blend)	\$13.025x	+0.30	\$18.005x	\$17.525	\$11.25

Por tione unless otherwise stated. Unquoted, p-pence/kg, c-cents lb x-Doc.

**LONDON METAL EXCHANGE** (Prices supplied by Amalgamated Metal Trading)

Close	Previous	High/Low	AM Official	Karb Close	Open Interest
Aluminium, 99.7% purity (3 per tonne)	2535-45	2520-30	2500	2485-500	2418-30
Cash	2535-45	2520-30	2500	2485-500	19,845 lots
3 months	2435-5	2420-30	2400	2385-270	2390-5
Aluminium, 99.7% purity (2 per tonne)	1385-95	1400-10	1390-70	1385-70	Ring turnover 4,750 tons
Cash	1385-95	1400-10	1390-70	1385-70	
3 months	1335-40	1350-80	1340-20	1320-20	22,285 lots
Copper, Grade A (2 per tonne)	1685-95	1690-10	1680-70	1685-70	Ring turnover 75,400 tons
Cash	1685-95	1690-10	1680-70	1685-70	
3 months	1552.5-3	1630-40	1585-140	1573-5	1543-4
Copper, Standard (2 per tonne)	1780-70	1780-70	1700-20	1780-70	Ring turnover 0 tons
Cash	1780-70	1780-70	1700-20	1780-70	
3 months	1610-30	1690-70	1630-50	1610-30	33 lots
Silver (US centaine ounce)	370	370	370	370	Ring turnover 0 oz
Cash	370	370	370	370	
3 months	650-3	657-8	640-2	640-2	411 lots
Lead (2 per tonne)	378-80	377-75	377-5	378-5	Ring turnover 7,200 tons
Cash	378-80	377-75	377-5	378-5	
3 months	374-8	378-7	377-375	374-5	11,451 lots
Nickel (3 per tonne)	13400-800	12700-800	13500/13100	13400-800	11400-500
Cash	13400-800	12700-800	13500/13100	13400-800	5,946 lots
3 months	1190-400	1120-500	1150/11400	1160-500	11400-500
Zinc (2 per tonne)	1407-201	1540-1	1520	1485-5	1418-20
Cash	1407-201	1540-1	1520	1485-5	1418-20
3 months	1410-20	1440-2	1410/1390	1418-20	1418-20

**US METALS**

IN THE METALS, gold prices rose \$2.60 in December as commission houses were the days best buyers, reports Drexel Burnham Lambert. Many analysts institute a price ceiling for the holiday keeping trading volume lower than normal in most commodities.

Copper trading was again very hectic as long liquidation is still being seen. December copper closed down 160 points. Platinum and silver trading was quiet. The soft commodities featured good commission house buying in the cocoa. Prices advanced over 25 points in the early session before profit taking and a sharp rally. Trade groups were also featured sellers near the days high. Sugar futures closed down 25 in March as strong fund selling triggered off stop loss selling. Trade groups supported prices around the 10 cent level. Coffee prices gained 93 as good physical offer was noted. In the grains, further liquidation was seen as speculative and light commercial selling weakened prices. Soybeans and maize futures had the largest declines in the metals were also dominated by the local traders throughout the day. Pork belly prices recovered slightly by closing up 23.

**CRUDE OIL (Light) 42,000 US galls/3barrel**

Close	Previous	High/Low
Dec 14.12	13.98	14.13
Jan 14.28	13.95	14.21
Feb 14.04	13.94	14.13
Mar 14.08	13.97	14.13
Apr 14.08	14.00	14.16
May 14.11	13.98	14.08
Jun 14.18	14.08	14.15
Aug 14.21	14.12	14.21

**HEATING OIL 42,000 US galls/3barrel**

Close	Previous	High/Low
Dec 44.50	43.88	44.50
Jan 44.25	43.88	44.50
Feb 44.45	43.88	44.50
Mar 44.40	43.78	44.46
Apr 44.30	43.73	44.40
May 44.30	43.78	44.40
Jun 44.30	43.78	44.40

**Chicago**

**SOYBEANS 5,000 bu min; cents/50b bushel**

Close	Previous	High/Low
Nov 76.14	77.00	77.44
Jan 76.84	78.00	78.64
Mar 76.82	78.00	78.64
May 76.82	78.00	78.64
Jul 76.82	78.00	78.64
Sep 76.82	78.00	78.64
Nov 76.82	78.00	78.64

**SOYABEAN OIL 60,000 lbs; cents/lb**

Close	Previous	High/Low
Dec 22.32	22.42	22.80
Jan 22.32	22.42	22.80
Mar 22.32	22.42	22.80
May 22.32	22.42	22.80
Jul 22.32	22.42	22.80
Sep 22.32	22.42	22.80
Nov 22.32	22.42	22.80

**SOYABEAN MEAL 10 tons; \$/ton**

Close	Previous	High/Low
Dec 223.6	225.7	228.0
Jan 223.6	225.7	228.0
Mar 223.6	225.7	228.0
May 223.6	225.7	228.0
Jul 223.6	225.7	228.0
Sep 223.6	225.7	228.0
Nov 223.6	225.7	228.0

**COFFEE "C" 37,500lbs; cents/lb**

Close	Previous	High/Low
Dec 128.76	127.86	128.85
Jan 128.76	127.86	128.85
Mar 128.76	127.86	128.85
May 128.76	127.86	128.85
Jul 128.76	127.86	128.85
Sep 128.76	127.86	128.85
Nov 128.76	127.86	128.85

**SPOT MARKETS**

Crude oil (per barrel FOB)

	+	-
Dubai	\$10.55-0.05c	+ 0.75
Brent Blend	\$13.05-1.00c	+ 0.05
WTI (per barrel)	\$14.10-1.30c	

Metals

	+	-
Platinum (per troy oz)	\$580	+ 1.85
Palladium (per troy oz)	\$125.50	- 0.25

Other

	+	-
Cash (per troy oz)	\$420.50	+ 0.75
Silver (per troy oz)	355.65p	+ 0.50
Platinum (per troy oz)	\$580	+ 1.85
Palladium (per troy oz)	\$125.50	- 0.25

Aluminium (per tonne)

	+	-
99.7% (cash)	\$2340	+ 125.5
99.7% (3 months)	\$2435	+ 125.5

Copper (per tonne)

	+	-
Grade A (cash)	\$1750	+ 25
Standard (3 months)	\$1610	+ 25

Zinc (per tonne)

	+	-
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INTL. COMPANIES

Nichii buys 36% stake in Nissan Construction

By Stefan Wagstyl in Tokyo
NICHII, a leading Japanese construction chain, is buying a 36.7 per cent stake in Nissan Construction...

The 36.7 per cent stake is being sold by Hitachi Zosen, the debt-laden ship-building and heavy machinery group...

Analysts said transactions of this size usually happened once or twice a year. Earlier this year, Nippon Steel bought an 18 per cent stake in Sanjyo Seiki...

As with the Nippon Steel-Sanjyo Seiki deal, the Tokyo Stock Exchange might be forced to launch an inquiry into insider trading...

In the Nissan deal, Sanjyo Seiki is the product of many mergers created by repeated deals involving small chains in the Osaka area...

The Nichii deal was arranged by Nomura Wasserstein Perella, an affiliate of Nomura Securities, in its first important transaction since it opened for business less than a month ago...

Philippines copper mine plans shake-up

By Richard Gourlay in Manila

In the first nine months of 1987, Atlas made a pre-tax profit of \$10 million compared with a pre-tax loss of \$10 million last year...

The planned restructuring would leave Atlas with a market capitalisation of around \$200 million. Chubbuck and Anson's Special Advisers in Manila are putting together the restructuring package...

Buoyant copper prices will bring Atlas into profit this year for the first time since 1985. This has enabled the company to repay pesos 333m of debt (\$22.3m including the 25 per cent discount that the banks accepted) in July...

TNT delivers 16% rise in first-quarter profits

By Chris Sherwell in Sydney

TNT, the Australian-based international transport group, yesterday reported a 16 per cent increase in first-quarter profits and foresees another record performance in the year to June 1989...

Figures released at the group's annual general meeting showed an equity-accounted net operating profit of A\$54.4m (\$46.1m) for the three months to September compared with A\$46.9m in the same period last year...

Sir Peter Abeles, managing director, pointed to the contribution coming from the group's UK express delivery and newspaper distribution operations...

New chief for Broken Hill Proprietary in May

By Chris Sherwell in Sydney

BROKEN Hill Proprietary, Australia's largest company, said yesterday that Sir Arvi Parbo, chairman of Western Mining, would be its chairman from next May following the retirement of Sir James Balderstone...

Sir Arvi, who has been on the board of BHP, which has extensive interests in oil, coal and other natural resources, since August 1987 will be a non-executive chairman and the post will last three years...

He has worked for Western Mining since 1968, rising to the post of managing director in 1971 and that of chairman in 1974...

CURRENCIES, MONEY AND CAPITAL MARKETS

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£ IN NEW YORK

Table with columns: Nov. 11, Last, Previous Close. Rows for various currencies like DM, SF, etc.

STERLING INDEX

Table with columns: Nov. 11, Last, Previous Close. Rows for various indices like S&P 500, Nikkei, etc.

CURRENCY RATES

Table with columns: Nov. 11, Bank, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

CURRENCY MOVEMENTS

Table with columns: Nov. 11, Bank, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

OTHER CURRENCIES

Table with columns: Nov. 11, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

FORWARD RATES AGAINST STERLING

Table with columns: Nov. 11, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

MONEY MARKETS

Table with columns: Nov. 11, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

CAUTIOUS RISE

UK INTEREST RATES were slightly firmer where changed in London yesterday. While sterling retained a strong footing, dealers noted a firmer tendency in US interest rates...

NEW YORK

Table with columns: Nov. 11, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

LONDON MONEY RATES

Table with columns: Nov. 11, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

POUND SPOT - FORWARD AGAINST THE POUND

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DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

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EMS EUROPEAN CURRENCY UNIT RATES

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EXCHANGE CROSS RATES

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FT LONDON INTERBANK FIXING

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MONEY RATES

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LEFTY LEAD GILT FUTURES OPTIONS

Table with columns: Strike, Call, Put, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

LEFTY US TREASURY BOND FUTURES OPTIONS

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LEFTY FTSE INDEX FUTURES OPTIONS

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LEFTY 6% GILT STRIPS

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LEFTY 10% GILT STRIPS

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LEFTY 15% GILT STRIPS

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LEFTY 20% GILT STRIPS

Table with columns: Strike, Call, Put, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

LEFTY 25% GILT STRIPS

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LEFTY 55% GILT STRIPS

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LEFTY 60% GILT STRIPS

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Table with columns: Strike, Call, Put, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

LEFTY 70% GILT STRIPS

Table with columns: Strike, Call, Put, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

LEFTY 75% GILT STRIPS

Table with columns: Strike, Call, Put, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

LEFTY 80% GILT STRIPS

Table with columns: Strike, Call, Put, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.

LEFTY 85% GILT STRIPS

Table with columns: Strike, Call, Put, Bid, Ask, Spread. Rows for various currencies like DM, SF, etc.



WORLD STOCK MARKETS

NEW YORK (G pm)

Table of New York stock market data including various indices and individual stock prices.

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Base values of all indices are 100 except NYSE All-Common - 10; and Toronto Composite and Nikkei - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. \* Excludes bonds; \*\* Industrial, plus Utilities, Financial and Transportation; @ Closed; @ Unavailable.

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WORLD STOCK MARKETS

AMERICA

Dow drops to lowest level since September

Wall Street

A FURTHER drop in the dollar hit Wall Street badly yesterday morning, and sent prices down to their lowest level since September, writes Anatole Koloskiy in New York.

Although the bond market was not officially open in New York because of the Veterans' Day holiday, US Treasury prices quoted by banks and dealers in London also showed severe setbacks. The benchmark long bond was about 1/4 down at 100 1/4, a price at which it yielded 9.045 per cent, significantly above the 9 per cent level which stock market analysts have identified as a key psychological block to further advances in equity prices.

In spite of the scale of the stock market's losses, the volume of trading was fairly robust, partly because of the Veterans' Day holiday trading. By mid-session about 76m shares had changed hands on the New York Stock Exchange, where declining stocks out-

numbered gainers by a ratio of four to one. The cause of both markets' problems was clear enough. The dollar continued to fall abruptly against both the yen and European currencies, in spite of evidence of repeated intervention in the Far East and Europe by the Bank of Japan. By mid-session in New York, the US currency was down to Y122.85, having fallen as low as 122.50 at one stage in the morning.

Not only did this decline represent a sharp decline from the closing level of Y124.05 in New York on Thursday, it was also uncomfortably close to the post-war low of Y121.00 which the dollar reached on New Year's Eve, just before the cele-

brated "bear trap" sprung by the world's central bankers in the first week of this year. Currency traders spoke of the possibility that central bankers were preparing another bear trap, although some expressed doubts that history would repeat itself quite so literally.

leading a retreat by the whole sector. Advanced Micro Devices was another significant loser, declining a further 5% to \$8 1/2 in heavy trading, after Thursday's announcement of staff cuts and special charges.

Canada

WORRIES about rising interest rates and the weaker dollar saw Toronto stocks fall on light turnover. Firmer bullion prices pushed gold stocks higher, but losses in oil, base metal and industrial shares left the composite index 14.3 lower at 3,245 at mid-session. Alberta Energy dropped 3 1/2% to C\$14 1/2 after reporting lower three-quarter earnings.

Japanese market eschews all unseemly behaviour

The Japanese like to think of themselves as very proper people. So even though all manner of funny business might go on in the equity market, when there are serious issues in the air people can be models of decorum, moderation and, well, dullness. So it was in the Tokyo stock market for most of September and October. For starters, there was the Recruit Cosmos share sale scandal, which forced the authorities to clamp down on some of the wilder practices in the market.

Yet a recovery. His illness had its psychological impact - everyone was nervous about what would happen to the market in the event of the Emperor's death. Dealers were worried as they did not want to be caught with huge positions if the market was suddenly closed for several days. However, there is more to it than that. While the Emperor remained confined to his bed, it was considered unseemly for leading brokers to be rushing about promoting shares with their customary ebullience. "It just would not be appropriate for the market to soar to new highs at a time when the entire country is in a sombre mood, with weddings and parties and celebrations of all kinds being cancelled or scaled down," one analyst said this week.

Uncertainties about the Recruit affair and the Emperor are still in the air, but the more positive underlying forces in the market seem to have taken over. The bond market staged a rally last month and interest rates now look comfortably low and stable. Oil prices have plunged and show no signs of returning to levels that could affect the Japanese economy negatively, while the yen recovered its pre-summer strength as the US presidential election campaign mercifully came to an end. In the past two weeks there

EUROPE

Currency concerns fuel further small losses

THE WEAKNESS of the dollar and the closure of Paris and Brussels for Armistice Day left the remaining European bourses lower in relatively dull trading, writes Our Markets Staff.

of Allianz, said there were no plans to form a joint venture with Dresdner to sell Allianz's insurance products. Among weak banks, Dresdner ended DM2.10 down at DM236.70. Deimler slid DM8 to DM783 on continued press coverage of the chairman of the West German monopolies commission's opposition to the car makers' plan to take a 30 per cent stake in aerospace group MBB.

unchanged. Much of the trading was driven by technical considerations, said a dealer, because it was the monthly deadline for options contracts. The Comit index ended down just 0.3 at 581.58.

and still relatively cheap, he said. ZURICH was quiet again as worries about the dollar and the overnight declines on Wall Street weighed on investors' minds. The Credit Suisse index eased 3.8 to 487.6.

total losses for the week to 2.07 points. Property group Afisa announced a 1-for-8 rights issue and lost 15 points to 515 per cent of nominal market value.

FRANKFURT ended a week dominated by the run-up to and fallout from the US elections in pessimistic mood. "It was a day when prices were marked down rather than traded down. Selling pressure was not acute, but investors were transfixed by the tribulations of the dollar and the Bundesbank's conspicuous failure to intervene on its behalf," said an analyst. The result was a mid-session fall of 6.08 to 518.25 for the FAZ, and a drop of 1.16 to a close of 1,528.18 for the DAX index.

MILAN saw profit-taking claw back some of the day's earlier gains so that by the close shares were virtually

unchanged. The trading was driven by technical considerations, said a dealer, because it was the monthly deadline for options contracts. The Comit index ended down just 0.3 at 581.58. Generali was one of the few stocks to catch the eye, gaining 1.20 to 143,700 on strong overseas demand. One analyst thought that Japanese investors - who were said to have been buying Generali stock for a few weeks ago - were probably behind yesterday's activity. Burgo, Italy's largest paper manufacturer, was well supported, climbing 1.20 to 1,55,000. Burgo missed out on the market rally a few months ago when the syndicate controlling the group raised its stake to about 35 per cent, killing takeover speculation which had given the shares their strength, explained an analyst. Investors now see the stock as worth buying on fundamentals

and still relatively cheap, he said. ZURICH was quiet again as worries about the dollar and the overnight declines on Wall Street weighed on investors' minds. The Credit Suisse index eased 3.8 to 487.6. One dealer said traders, rather than institutions, were behind most of week's losses as they sorted out their positions post-US election. "People are suffering around wondering at what level to start buying again. If there's a sign that the dollar is stabilising they'll all be back in again, there's no doubt about it," he added. Chemicals group Ciba Geigy fell SF7.90 to SF3,490 while machinery company Brown Boveri lost SF5.5 to SF2,870. MADRID saw the week's downward trend accelerate, with the index falling below 290, a stage that had been seen by some analysts as a support level. The general index dropped 1.36 to 289.55, taking

ASIA PACIFIC

NTT helps Nikkei to all-time peak

Tokyo

INVESTORS staged a show of renewed confidence in equities yesterday, and share prices rose on a broad front to lift the Nikkei average to a record high, writes Michio Nakamoto in Tokyo.

The yen continued to remain at its high level against the dollar and, as a result, the bond market kept up its strong performance. Buying interest in equities shifted from issues selected on recently favoured market themes to neglected sectors, such as retail stores and financials.

scope behind the bullishness in yesterday's market, said analysts. NTT rose at one time past its public offering price level of Y1.9m, to Y1.93m.

spate of Tokyo's record high - after the Reserve Bank of Australia raised the discount rate to 14.5 per cent, which increased pressure on banks to lift their prime rates. The strength of the local dollar and weaker gold prices added a further burden to sentiment and the All Ordinaries index fell 5.9 to 1,538.92 on turnover of 79m shares worth A\$12m.

The Nikkei average, which had gradually been moving closer to its past high of 28,423.38, kept climbing throughout the day to close up 323.15 at 28,489.57. Turnover was lower, however, at 942.7m shares compared with 1.21m on Thursday. The TOPIX index of all listed shares was also significantly higher at 2,212.97, up 36.40, while in London the ISE/Nikkei 50 index rose 4.27 to 1,793.53.

The "new" almost certain introduction of the tax reforms renewed interest in retail stocks. "The net effect (of the bills) is to put money back into the hands of consumers," said Mr John Courtney, a salesman at W J Carr. A reduction in taxes, which is part of the reform package, is likely to take place before the introduction of the consumer tax.

Yomiuri Land, a leisure facilities operator, rose Y800 to Y2,540 on talk of redevelopment of its racetracks in Kawasaki and Funabashi. Nippon Steel was again the most heavily traded issue at 43.7m shares and rose Y4 to 7871.

HONG KONG shrugged off sporadic profit-taking in close trading as the cost-tails of Tokyo's strong surge. The Hang Seng index rose 6.73 to 2,588.74 on turnover worth HK\$69m, the best this week. Jardines Matheson tumbled 20 cents to HK\$14.20 after the surprise resignation late on Thursday of Brian Powers, managing director.

With the US presidential elections safely out of the way, the Tokyo market had one source of uncertainty weighing on it. In addition, late on Thursday afternoon the ruling Liberal Democratic Party in Tokyo forced a package of controversial tax reform bills through the House of Representatives tax system committee.

Retail stocks were also selected in the general move to buy laggards, especially among domestic demand-related stocks. Mitsukoshi rose at one stage to a new high of Y2,080, up Y30. The gain followed reports that two subway lines will be connected next spring at the Mitsukoshimae station, where the department store is located. Buying was also stimulated by rumours that Mitsukoshi will purchase a building near the station. The shares closed up Y70 at Y2,080.

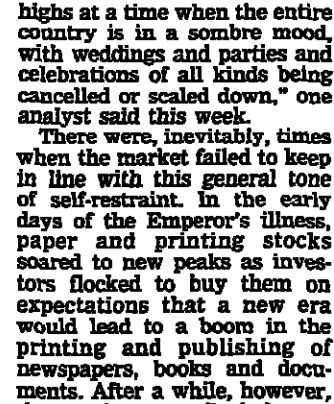
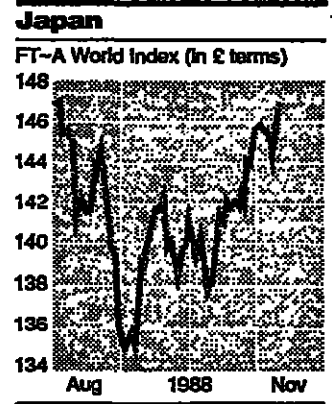
YOMIURI Land, a leisure facilities operator, rose Y800 to Y2,540 on talk of redevelopment of its racetracks in Kawasaki and Funabashi. Nippon Steel was again the most heavily traded issue at 43.7m shares and rose Y4 to 7871. Investors in Osaka also rallied behind formerly neglected issues, pushing the OSE average up 134.64 to 25,943.91.

The bills, which include a proposed capital gains tax, had been stalled in the Diet (Parliament) as opposition party members refused to vote on them before a thorough investigation into the Recruit Cosmos share sale scandal. Now that the bills have been passed, the market believes most of the bad news is out of the way.

Yesterday saw an impressive recovery in Nippon Telegraph and Telephone, the huge telecommunications company which saw its share price plunge after a third tranche of shares was released in a privatisation move last month. The strength of NTT, which gained Y20,000 to Y1,88m, was a key

Roundup TOKYO's record high helped most Asia Pacific markets recover from depressed local sentiment yesterday, although the influence of higher interest rates proved too powerful to ignore in Australia. AUSTRALIA was left with nowhere to go but down - in

SOUTH AFRICA GREATER strength in the rand continued to steal momentum from gold stocks in Johannesburg as the sector closed lower overall. Vaal Reefs dropped R3.50 to R279, Western Deep fell R2 to R108.50, Southvaal eased R1 to R111 and Buffels retreated by R1 to R57.



has been talk of institutional investors easing their cash positions and redirecting more funds into equities. Even foreign investors are beginning to take another look at Japan. For the first time in five years, foreigners were net buyers of Japanese equities for eight consecutive weeks between September and November. In the past few days, another encouraging trend has developed - share volume is now being more widely distributed. Volume in the Tokyo market is relatively concentrated at the best of times and, when there is a lot of uncertainty in the air, it is understandable that investors tend to buy only highly liquid leaders.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns: NATIONAL AND REGIONAL MARKETS, THURSDAY NOVEMBER 10 1988, WEDNESDAY NOVEMBER 9 1988, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Iceland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. UK, World Ex. So. Af., World Ex. Japan, The World Index.

APPOINTMENTS

Company secretary of Plessey director, Mr Jack Grant, chairman of Stirling Group, has resigned.

THE PLESSEY COMPANY has appointed Mr John E. Bayly as company secretary from January 3. He is company secretary and group general counsel of the Westland Group, and succeeds Mr Bernard Huthbach, who will continue as director of administration and a member of the main board.

Mr Chris Parker, chairman of Viking International, has joined the board of AIR UK as a non-executive director.

Mr Ian Dovey has been appointed to the new post of sales and commercial director of AUTOMATED PACKAGING SYSTEMS (UK). He was sales manager for Autobag products.

Mr R.E.M. Elborne has been appointed a director of CELESTIAL INSURANCE COMPANY.

Mr Christopher Freese, market development executive with British Aerospace, has been appointed managing director of LIVERPOOL AIRPORT.

Mr Kenneth West has been appointed a director of N.M. ROTHSCHILD ASSET MANAGEMENT (HOLDINGS). He becomes chief investment officer and head strategist of the Rothschild Asset Management Group. He was a director of Prudential Portfolio Managers.

Following the acquisition of 18.8 per cent of the STIRLING GROUP by the Paisley Car Group, Mr Edward Leighton, chairman of Paisley Hyer, has been appointed chairman of Stirling Group. Mr Ralph Singer, chief executive of Paisley Hyer, becomes deputy chairman of Stirling Group and Mr David Slade becomes a non-executive

PHARMACEUTICAL BUSINESS NEWS. The executive newsletter for the pharmaceutical industry. The Financial Times new twice-monthly international review of the Pharmaceutical Industry. Includes details about the magazine's content, subscription rates, and contact information for Danielle Banks at PBN Marketing, FTBI, Tower House, Southampton Street, London WC2E 7HA, England.







LONDON STOCK EXCHANGE

Widespread setback for equity sector

CONCERN THAT the sliding US dollar could prompt the Federal authorities to tighten credit and spark off another round of higher global interest rates sent UK equities tumbling in late dealings last night. The setback gained pace as the market moved into the new fortnightly trading Account, with first the FT-SE Index, and then the Dow Industrial Average, falling through support levels on their respective charts.

Account Opening Dates table with columns for First, Second, and Last trading days for various months.

noon, brought large lines of stock in such market leaders as BHP, British Petroleum, BOC, and Ferranti to the sea trading screens.

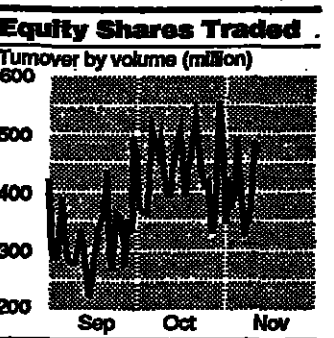
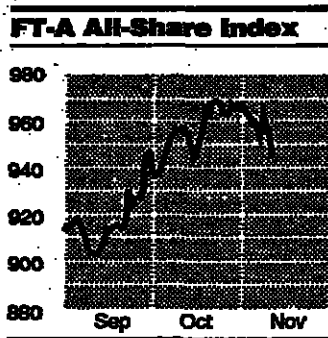
to cover ADR positions in US markets. The rally soon ended, however, and UK exporting shares then resumed their reaction to the fall in the US currency.

Warburg Securities predicts a deficit of \$11bn, against August's \$13.4bn, and Nomura Securities expects around \$10.5bn. Some London forecasts range to \$14bn.

retained their weak status while manufacturers were somewhat steadier in the face of market weakness. SW Bedford rose 2 to 40p on good buying, while Northern Foods edged higher to 28p.

Doubt on Lloyds plan

Abbey Life and Lloyds Bank shares were actively traded after numerous press reports that the proposed link-up between the two companies could run into major opposition.



Abbey Life initially edged up to 222p before easing to close a shade firmer on balance at 220p, after turnover of 5.3m shares.

activity, much of which represented bearish views on LASMO. The latter has been regarded as a takeover target ever since British Gas launched an unsuccessful market raid which gathered less than 2 per cent of LASMO's shares.

able price and Morgan Grenfell shares dipped 3 to 31p. Life Surveys retreated across a broad front - "the bid premiums are shrinking day-by-day", one dealer commented, while some aggressive marketmaking techniques brought considerable pressure to bear on the composites.

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Lonrho disappoints

The cry echoed round the market that Bond Corporation was being bought when a trade of 1m Lonrho shares (at 387p) flashed across the screen early yesterday.

Sum could launch a rights issue in the near future brought major selling of the life company's stock.

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COMMODITIES

WEEK IN THE MARKETS

Copper price upsurge falters

THE SUSTAINED upsurge in world copper prices faltered this week as US speculators started to cash in the accumulated profits which have been burning holes in their pockets for so long.

points out that the next round of three-yearly labour contract negotiations in the US aluminium industry - beginning at the end of May - will come against the background of a much tighter supply situation than ever before and will play at risk about 18 per cent of non-communist world capacity.

excessive stocks. The Ivirians - the world's biggest cocoa producers - have been withholding supplies from the market because they believe the world price is too low.

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Unit Trust, Abbey Unit Trust, etc., with columns for name, date, and other details.

Table listing unit trusts under the heading 'Allied Banker Unit Trusts', including details like name, date, and financial information.

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Table titled 'BANK RETURN' showing banking department performance for Wednesday November 9 1988.

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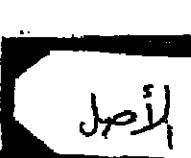
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GUIDE TO UNIT TRUST PRICING. Includes sections for INITIAL CHARGES, OFFER PRICE, and FORWARD PRICING.





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FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, organized into columns and rows. Includes sub-sections like 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

Continued on next page



FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for company name, unit price, and other financial metrics. Includes sub-sections like 'MANAGEMENT SERVICES' and 'OFFSHORE AND OVERSEAS'.

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service. Columns include Fund Name, NAV, and % Change. Lists various unit trusts such as Fidelity International, Fidelity Growth, and Fidelity Bond.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds. Columns include Fund Name, NAV, and % Change. Lists funds like Abbey Global Investment, Adams & Neill, and Adia Investment.

LONDON SHARE SERVICE

Table of London Share Service. Columns include Fund Name, Price, and % Change. Lists British Funds, Foreign Bonds & Rails, and American funds.

Table of Money Market Trust Funds. Columns include Fund Name, Price, and % Change. Lists various money market funds like Money Market, Money Market Plus, and Money Market Short-Term.

Table of Money Market Bank Accounts. Columns include Bank Name, Interest Rate, and Minimum Deposit. Lists banks like Abbey, Adams & Neill, and Adia.



LONDON SHARE SERVICE

AMERICANS - Contd

Table with columns: 1988, 1987, Stock, Price, % Chg, Div, Yield, PE. Lists various American companies like Texas Instr, Time Inc, etc.

CANADIANS

Table with columns: 1988, 1987, Stock, Price, % Chg, Div, Yield, PE. Lists Canadian companies like Alcan, Bell Canada, etc.

BANKS, HP & LEASING

Table with columns: 1988, 1987, Stock, Price, % Chg, Div, Yield, PE. Lists financial institutions like Citicorp, Citicorp Ind, etc.

Hire Purchase, Leasing, etc.

Table with columns: 1988, 1987, Stock, Price, % Chg, Div, Yield, PE. Lists hire purchase and leasing companies.

BEERS, WINES & SPIRITS

Table with columns: 1988, 1987, Stock, Price, % Chg, Div, Yield, PE. Lists beverage companies like Heineken, Carlsberg, etc.

BUILDING, TIMBER, ROADS

Table with columns: 1988, 1987, Stock, Price, % Chg, Div, Yield, PE. Lists construction and infrastructure companies.

CHEMICALS, PLASTICS

Table with columns: 1988, 1987, Stock, Price, % Chg, Div, Yield, PE. Lists chemical and plastic companies.

DRAPERY AND STORES

Table with columns: 1988, 1987, Stock, Price, % Chg, Div, Yield, PE. Lists retail and drapery companies.

BUILDING, TIMBER, ROADS

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ELECTRICALS

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ENGINEERING - Contd

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INDUSTRIALS (Misc.) - Contd

Table with columns: 1988, 1987, Stock, Price, % Chg, Div, Yield, PE. Lists various industrial companies.

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LONDON SHARE SERVICE

Main table containing various stock market data sections: LEISURE-Contd, PROPERTY, TEXTILES-Contd, TRUSTS, FINANCE, LAND-Contd, OIL AND GAS-Contd, MINES-Contd, MOTORS, AIRCRAFT TRADES, Commercial Vehicles, Components, Garages and Distributors, NEWSPAPERS, PUBLISHERS, PAPER, PRINTING, ADVERTISING, SHIPPING, SHOES AND LEATHER, SOUTH AFRICANS, TEXTILES, OVERSEAS TRADERS, PLANTATIONS, THIRD MARKET, Far West Rand, Central African, Finance, OIL AND GAS, AUSTRALIANS, IRISH, TRADITIONAL OPTIONS, and REGIONS & IRISH STOCKS.

NOTES
Stock exchange dealing classifications are indicated in the right of security names...

REGIONS & IRISH STOCKS
The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

TRADITIONAL OPTIONS
3-month call rates

IRISH
List of Irish stocks including Anglo Irish Bank, Bank of Ireland, etc.

AUSTRALIANS
List of Australian stocks including BHP, Broken Hill, etc.

PROPERTY
List of property-related stocks including British Land, etc.

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# FINANCIAL TIMES

Weekend November 12/November 13 1988

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## Bundestag Speaker quits in Nazi row

By David Marsh in Bonn

THE West German Government was last night struggling to regain credibility after Mr Philipp Jenninger, president (Speaker) of the Bundestag, the West German parliament, resigned amid uproar at his presenting Nazi propaganda in a speech on Thursday.

His office ranks second to the President's, constitutionally, Chancellor Helmut Kohl has the difficulty of juggling advisers to fill the gap.

Mr Alfred Dregger, the senior Christian Democrat politician and conservative leader in the Bundestag, widely expected to take over the Speaker's role, ruled out accepting the post.

Mr Jenninger has long been close to Mr Kohl, serving him as Chancellor's Minister before becoming Speaker four years ago. He was swept away by criticism from all parties over his comments on the 1938 pogroms of the Jews.

The comments laid the Kohl government open to charges that West Germany has not been sincere in denouncing Nazi crimes, in spite of efforts to make amends to the Jews.

Many deputies accused Mr Jenninger, 56, of foolishness and insensitivity in blandly recounting Nazi crimes and slogans against the Jews without adopting appropriate tones of condemnation.

He has not been charged with anti-Semitism or with agreeing with Hitler but he clearly blundered in explaining all too persuasively Hitler's hold on the Germans.

Yesterday morning he said he was shocked by reaction to his speech, in a short, simply-worded statement to deputies from the conservative parliamentary grouping.

"It was not understood by many listeners in the way I meant it," he said. He said he had always followed a policy of reconciliation with Israel and had opposed totalitarianism, not least because his own parents suffered under the Nazis.

Later Mr Jenninger said, in a newspaper interview which appeared to confirm his naive approach to the speech, that the address was his own responsibility, written after three weeks of reading and combing archives. "Probably I worked on the theme too long and too intensively," he said.

The speed of his resignation was obviously linked to Mr Kohl's wish to clear the air before visiting the US this weekend.

## Ridley cuts housing in Berkshire

By John Hunt and Andrew Taylor

THE HIGH LEVEL of house building in rapidly-developing Berkshire has been reduced to 3,000 a year by Mr Nicholas Ridley, Environment Secretary, in a revised structure plan for the county which was announced yesterday.

Mr Ridley made it clear in his modifications that he did not want to see large-scale building south of the M4 motorway near Reading. He wanted instead to use the M4 as a barrier to urban sprawl south of Reading.

He has nevertheless angered local people by accepting controversial proposals to build 4,000 homes on farmland sites north of Bracknell. Last night Mr Ridley allowed an appeal by Berkshire Land, a building consortium, to develop 2,000 houses in that area.

The building industry was relieved that Mr Ridley had not given way to pressure for even lower building levels but was disappointed that more houses would not be allowed.

The Housebuilders' Federation said: "We are concerned that a structure plan should be approved which fails to respond to the strong need for more homes in Berkshire."

Barton Willmore, a firm of private architects and planners, is representing a consortium of builders including Charles Church, Bryant Ideal Homes, Alfred McAlpine and Rockhold, which plans to build 3,000 homes at Spencers Wood south of the M4.

This scheme appears to be in jeopardy, as does a proposal by Speyhawk to build a similar number of homes at Great Lea, also south of the M4. Speyhawk's plans are being examined by a public inquiry.

Mr Ridley has taken a cautious approach in giving his verdict on modifications to the structure plan, which has been seen as a test of his willingness to prevent overdevelopment in the south-east.

He is now providing for a total of 43,500 new dwellings up to 1996. That is higher than the 36,500 maximum originally estimated by the county council, but much less than the 58,000 the builders wanted.

Mr Ridley has tried to meet the complaints from MPs, local politicians and environmentalists who have campaigned about the scale of new building in Berkshire. He says he wants the rural character of the county improved and protected, adding that new development should be appropriate and sensitive.

He is also attempting to reduce the number of large-scale developments in the county by allowing building on small sites to be taken into account in the permitted development - a reversal of his previous position. In addition, he expects large-scale developers to make a contribution to local infrastructure.

Mr Bob Clarke, director of highways and planning for Berkshire County Council, said of the proposals: "We find more good things in them than bad."

## Court tells Liverpool to cease boycott of job training scheme

By Philip Bassett, Labour Editor

THE Government yesterday won a significant victory over left-led opposition to its £1.5bn programme for the long-term unemployed when the High Court overruled an attempt by Liverpool City Council to boycott the Employment Training scheme.

The decision will increase the likelihood of public sector co-operation with the scheme, which has been criticised by some local authorities for failing to provide high quality training.

Lord Justice Lloyd said that Mr Norman Fowler, the Employment Secretary, could not prevent the council from opposing the scheme.

However, the minister's complaint was against the illegal way in which the council had chosen to put its opposition into effect.

During the hearing the council claimed the boycott decision was not a "knee jerk reaction to a Tory Government" but had been taken for genuine reasons.

Mr Fowler said the High Court had found the council to be acting unlawfully and added: "I very much welcome the High Court's decision. This is very good news for unemployed people in Liverpool."

"I hope that Liverpool City Council will now abandon their efforts to prevent voluntary organisations and employers in Liverpool from taking part in Employment Training and giving unemployed people the training they need to get back to work."

ment issuing a legal challenge on the matter to any democratically-elected local authorities.

However, he said: "We will comply with the court order and not refuse funding because organisations operate the Government scheme, but we will consider appealing the ruling." The council would reconsider funding the organisations it had rejected.

Mr Fowler said the High Court found the council to be acting unlawfully and added: "I very much welcome the High Court's decision. This is very good news for unemployed people in Liverpool."

"I hope that Liverpool City Council will now abandon their efforts to prevent voluntary organisations and employers in Liverpool from taking part in Employment Training and giving unemployed people the training they need to get back to work."

ment issuing a legal challenge on the matter to any democratically-elected local authorities.

## Harp buys brewer once run by Clowes

By Clay Harris

HARP LAGER, a subsidiary of the Guinness brewing group, yesterday took control of Buckley's Brewery, the small South Wales company formerly run by the head of the failed Barlow Clowes investment empire.

Harp paid £12.2m for the 53 per cent stake in Buckley's held by Singer & Friedlander, the merchant bank, and made an offer for the remaining shares. The 156p a share bid values Buckley's at £26m.

The stake was originally owned by Brodian, the private company with which Mr Peter Singer, former head of Barlow Clowes and Mr Gray Cramer, a business associate, took control of Buckley's only weeks before the October 1987 stock market crash.

Singer reclaimed the shares, which had been held as security against a loan, in June, and put the stake up for auction. The bank said Harp's offer was the highest and the only unconditional one.

The takeover seems likely to bring to an end the colourful 22-year independence of Buckley's, the oldest brewer in Wales. Long before Mr Clowes and Mr Cramer came on the scene, the Llanelli-based brewer had been stable by a succession of predators.

Harp is to step up the sale of its brands at the expense of Heineken, the main lager now sold in the pubs. Buckley's does not brew lager.

Heineken is brewed under license by Whitbread, another UK drinks group which owns just over 10 per cent of Buckley's shares. Whitbread will consider its position next week.

When Brodian made its bid in 1967, Whitbread and its associated investment company committed shares to ensure its success. The decision to keep a stake was interpreted as a move to protect Heineken's position.

Mr Stephen Wingfield Digby, Harp managing director, said the acquisition was intended to increase Harp's market share in South Wales from 3 per cent to 10 per cent, compared with its 4 to 5 per cent share of the total UK lager market.

Yesterday's deal also has a defensive aspect for Harp, which stood to lose one of its largest customers, Scottish & Newcastle Breweries, if Elders (UK) - the Foster's lager group - succeeded with a £1.6bn takeover bid. That offer was referred to the Monopolies and Mergers Commission on Thursday.

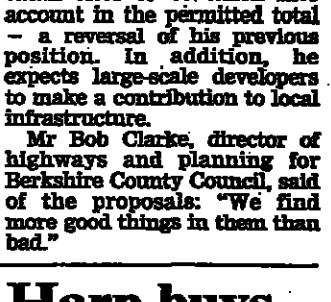
Buckley's shares closed 5p higher at 156p.

Investors in court, Page 6

## Downhill with the dollar

FT Index fell 17.6 to 1,461.2

FT-SE 100 Index



disputing that the deal has such a case for it in operational terms. But the essence of the minority unease is a fairly simple point of principle: that control of a company is worth something on top of the value of the business itself, and that Lloyds is proposing to ignore this.

Given the life insurance industry's quite justifiable sense of vulnerability at the moment, it would be surprising if this were the last time the institutions had to put a price on control. But they could be wrong to assume that what Lloyds will not give them, somebody else will be quick to provide: Abbey is no doubt an attractive morsel, but those who can come up with a cool £1bn to swallow it are not numerous.

Abbey Life UK life insurance companies seem to be ending up on the wrong side of their shareholders with striking regularity these days.

It is worth noting that the City's own system of self-regulation meanwhile did its job. Since its purchases took it through 15 per cent, Elders was unable to buy more than 19 per cent; and in any case, it could not have gone beyond 29.9 per cent after its bid had lapsed. As BP showed with

## Market makers

Britoil, loopholes in Government rules can be exploited with impunity; but the club rules of the market, it appears, still retain their force.

The battle among the market makers has been going on for more than two months without a single casualty, and so this week's move by Smith New Court to increase the size of its lots to 500,000 shares was presumably designed to speed things along a little. It appears to be working: the sight of poor old Scrimgeour following suit yesterday was interpreted by rival market makers as Citicorp's last big throw of the dice before packing up its equities operation altogether.

While that may be wishful thinking, the market is now even more polarised than before, with the largest volumes a hundred times as great as those offered by BZW and Phillips and Drew. Even if the extra pressure does not sort things out, it makes the disparity in the market all the more public, which in turn may tempt the Stock Exchange to get off the fence.

Mr Bush may feel distant from the symbolism of Jasper Johns' "White Flags" or his "False Start", but wealthy investors think otherwise. Indeed, some regard the prospect of Bush at the economic controls with such hilarity that Johns' pop art jokes are serious business by comparison.

The inclination towards real assets may an understandable response to Bush's bundle of economic problems, but it is hard to believe that the proud owner of False Start has spent his \$17.05m wisely. Those who believe that this is the end of the cycle would surely be better off in good, old-fashioned gold, or better still, in cash, which at least will earn its keep.

To outsiders, the record prices fetched at Sotheby's and Christie's in New York this week look like ravings at the top of a long, strange bull market. Over the last five years, the prices of the best Impressionist and contemporary works of art have risen by 56 per cent annually, an even better performance than the equally unfathomable Japanese stock market. Now any old sketchily-painted landscape in vaguely Impressionist style can expect to fetch staggering prices - suggesting some investors are not just shortsighted, but optimistic as well.

### CHIEF PRICE CHANGES YESTERDAY

Table with columns for location (Frankfurt, New York), item, and price change. Includes items like Henkel, BASF, Conti Gummi, and various stocks.

### LONDON (Pence)

Table with columns for item and price. Includes items like Audio Fidelity, Baulay's Brew, Caird Grp, etc.

### WORLDWIDE WEATHER

Table with columns for location, date, weather conditions, and temperature. Includes locations like Alisco, Algiers, Amsterdam, etc.

## Dollar

Continued from Page 1 years to maintain progress in cutting the US trade deficit. Analysts in London suggested the US currency could have been subject to heavier selling pressure yesterday but for fear of more central bank intervention in the future.

The Bank of Japan intervened to support the dollar in Tokyo and Singapore before buying yen for dollars in London yesterday morning through the Bank of England.

The Bank of England was in the market, supporting the dollar by selling small amounts of D-Marks. In its first such action for many months, the Bundesbank bought \$50m at DML 7385 at the midday fixing in Frankfurt.

However, this intervention seemed to lack conviction for many market participants. Assessing the resolve of the central banks to stem the dollar's fall was made more difficult by the apparent absence of the Federal Reserve.

## Art record

Continued from Page 1 well have sold almost \$500m worth of art in a week. The major Impressionist auctions start in New York this weekend and on Monday Christie's will offer the paintings from the Goez collection, which, with works by Picasso, Degas, Cézanne and Monet, among others, was estimated to bring in more than \$50m. That figure must have been revised radically upwards.

The highest price in the three weeks should be paid at Christie's in London on November 28 when one of Picasso's most attractive pictures from his early "rose" period comes under the hammer. Acrobate et Femme Arlequin was expected to make \$10m but that was before this week's sudden rush of blood to the head.

## Young

Continued from Page 1 would stop. Elders' action has clearly angered the DTL, which investigated whether it could unscramble the deal made on Thursday. Merchant bankers said yesterday that such a "window of opportunity" had always been known, but companies normally did not consider such action.

Fidelity Select Personal Pensions advertisement. Text: 'Now there's a personal pension as strong as Fidelity's performance.' Includes a table comparing UK, US, Europe, and Japan pension performance. Source: Mispical offer on offer Figures to 30.11.88. Note: Past performance is not necessarily a guide to future returns. Moreover the value of units in a trust may fluctuate and is not guaranteed.

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# Weekend FT

SECTION II

Weekend November 12/November 13, 1988

## Mystery men of the City

London's livery companies date back to medieval times. But who and what are they? David Lascelles investigates

THE CITY of London will be decked in all its finery today for the annual show in honour of its new Lord Mayor, Sir Christopher Collett. Sir Christopher is a glove-maker. Actually, he is not a glove-maker at all. He is a partner at Arthur Young, a firm of accountants. But, like all lord mayors, he has to belong to a City trade or craft-company to qualify for this high office. In his case, he is a liveryman and past master of the Worshipful Company of Glovers, one of the City's 96 livery companies.

As companies go, the Glovers hold a middle rank in the 700-year-old livery hierarchy. They were founded more than 300 years ago, which sounds a long time. But it puts them only number 62 in the pecking order, well below the Great Twelve companies which hold pride of place. For good measure, Sir Christopher is also a member of the Worshipful Company of Chartered Accountants which is a mere 11 years old (rank number 86) although, unlike some older companies, it can count many genuine practitioners among its members.

The Lord Mayor's show is a good moment to take a closer look at the City livery. To those who belong to them, these companies are not just relics of the old guilds which once dominated City life. They are a matter of great seriousness, a historical tradition, a fraternity, a path to influence and accomplishment, a way to do good. And there is no shortage of demand for livery status. The word itself refers to the special clothing worn by liverymen to denote their privileged status within the City. It is extremely difficult to become a member of a company without the right family or business connections (the Colletts have been glovers for several generations). New professions are trying to form their own companies all the time; so much so that the Guildhall has put out a special guide on how to do it (it takes 14 years, £10,000 in the bank, and much else designed to weed out the un-serious).

"The fact that people still want to form livery companies shows it has a lot going for it," says Terry Morris, clerk of the Chamberlain's Court in the Guildhall which oversees the companies, and maintains a handwritten record of them in a battered red book. The Guildhall's guide states: "The principle of Livery Companies as a representative element of professions and business interests in the City was the basis of the origin of the Livery Companies and is equally valid today."

To those outside the livery, though, the companies are a mystery in the best medieval sense, with an image extending from



Masters, Prime Wardens, Upper Bailiff and liverymen of City companies assemble to elect the new lord mayor

rich. Their precise wealth is a carefully guarded secret but their investments run into hundreds of millions of pounds, much of it in prime City properties which have been in their possession for centuries. Spilling property prices have not merely made the wealthy companies even wealthier, but have pushed them deep into the property development business. Livery companies are involved in at least two dozen major development projects within the City boundaries, with many more elsewhere around the country.

Because of this, the reality of a company now is not six-course candle-lit dinners but computerised accounts, multi-million pound deals, tax problems and even worries about the European Community. "Our approach attempts to be commercial," says Michael Wakeford, the clerk of the Mercers Company, the number one company in rank and one of the wealthiest. "The company traditionally saw itself as a landlord. Now, we get stuck into our own development."

The companies' role as land-owners gives them considerable clout in the City, where they put in a collective case for the development plan. "The influence on the shaping of the future City by the livery companies, especially the senior liverymen like the Mercers, Ironmongers, Fishmongers and Merchant Taylors, may be low profile but it is not to be underestimated," says Malcolm Trice of Richard Saunders, the City chartered surveyor. He describes surveyorships to livery companies as "reversed appointments."

Not all of the companies are wealthy, of course. Until recently, the Ironmongers (to

which the outgoing Lord Mayor, Sir Greville Spratt, belongs) were on their beam ends as a result of a misjudged decision to sell most of their properties after the Second World War. Fortunately, the company held on to a share of a site in Fleet Street which it had owned since 1728, when that was sold last year, the Ironmongers were suddenly £7m the richer. They also redeveloped a City property and were able to boost its rental income tenfold. The company uses its money to run almshouses and old people's homes and encourage innovation in the iron industry. Many of the companies which own good halls in the City (nearly 40 of them) also supplement their incomes by renting them to help meet their sizeable rates bills (the good ones cost £1,000 an evening).

The companies are careful to distinguish between their own corporate wealth and that of the charitable trusts which they administer. Usually, most of the money is in the latter because, as one official puts it: "We have no other money unless we give it away." The Mercers charities, for example, are very large and support traditional works like health care. The company also has a multi-million pound capital programme which includes building two housing schemes for the elderly, while money is being channelled to such newer destinations as the sponsorship of a City technology college and the £40,000 endowment of a diagnostic radiology chair at St Bartholomew's Hospital.

A company which, corporately, is endowed relatively modestly but has enormous charitable works is the Haberdashers, which supports the country's eight Haberdasher schools. The company has only four officers, but it employs five firms of surveyors and two financial advisers to help it look after its property and financial interests. For years, centuries even, the Haberdashers' charities lived off their endowments. But, at the beginning of the 1980s, the realities of life forced a change of policy towards a much more commercial approach.

"We now try to maintain the true value of our capital," says Captain Michael Barrow, the clerk (many clerks are former military men). He declines to disclose what that is, but he says the company has embarked on a sweeping restructuring of its property investments by selling hundreds of Victorian houses it owns around London and ploughing the proceeds into much more promising commercial property. The Haberdashers also finds themselves in the thick of a most livery-like problem: value-added tax. The taxman says the company must charge VAT on services (mainly administrative) which it supplies to its own 100-or-so charities, but the company maintains it should not. Obscure though it is, the dispute has a bearing on the livery as a whole and is being observed anxiously by other members.

The demise of ancient trades and crafts has left many companies without an obvious role in life, which is why the philanthropic and ceremonial side has become so prominent. But sections of the livery,

particularly the companies linked to the equestrian and building trades, preserve their commercial connections and devote a good part of their resources to them. The Carpenters, for example, run a craft school off Oxford Street which perpetuates wood- and stone-working. But some companies also have specific statutory responsibilities, like the Stationers and Vintners who play a role in overseeing respectively, the publishing and wine trades. Perhaps the best known of this group are the Goldsmiths, who have one of the country's finest collections of precious items in their hall in the City and help to promote the crafts. But their main task is to run the London Assay Office, the highest of the four offices which hallmark objects made of gold and silver in the UK.

Contrary to its rather high-falutin' image, hallmarking is an intensely competitive business and one which is causing the Goldsmiths considerable aggravation. The London Assay Office, the highest of the four offices which hallmark objects made of gold and silver in the UK. Contrary to its rather high-falutin' image, hallmarking is an intensely competitive business and one which is causing the Goldsmiths considerable aggravation. The London Assay Office, the highest of the four offices which hallmark objects made of gold and silver in the UK. Contrary to its rather high-falutin' image, hallmarking is an intensely competitive business and one which is causing the Goldsmiths considerable aggravation. The London Assay Office, the highest of the four offices which hallmark objects made of gold and silver in the UK.

Another worry the Goldsmiths have is that European Community harmonisation will undermine the assay business. The UK has the most sophisticated assay system in the EC (probably too elaborate - some countries like Germany do not even bother with it) but it might not be able to enforce hallmarking once the EC's single market is created in 1992. After that date, any gold and silver goods made in the EC could technically be saleable in the UK without a hallmark. The issue has yet to be addressed fully in Brussels.

In some ways, it is rather reassuring to learn that the livery has to grapple with mundane problems like ordinary mortals. But this only reinforces the view of the Guildhall that critics of the livery are driven by "lack of knowledge or envy." Next year sees the 800th anniversary of the lord mayoralty, an occasion that will be used to promote the livery with a special exhibition and possibly some films and videos. But some people also see it as an opportunity for a bit of self-examination.

It is not surprising, perhaps, that the livery attracts unfriendly comment: its opulence and pagantry are only too plain to see - and will be further reinforced by today's show - while the philanthropy is less eye-catching. The air of self-importance worn by many livery members also tends to block out the selfless aims of much of their work. But the philanthropic side to the livery has, if anything, acquired a greater relevance in Thatcherite Britain with all the allegations of rampant, uncaring materialism. Most livery company members have been great beneficiaries of the present Government's policies and, as one member said: "It's a way to give some of it back."

One of the more articulate spokesmen for the livery is Captain Barrow of the Haberdashers. Asked to explain its role and relevance in the latter part of the 20th century, he replied: "It's a meeting place for people from very diverse professions and backgrounds where standards of excellence can be maintained. I know that sounds a bit pompous. But the livery is a tough environment. It collects together people who have reached a stage in life where they can help others - people who can put in a bit of time. And if you have the right balance, the example of excellence rubs off from the older on to the younger."

### The Long View

## Gilt-edged and the slippery slope

GILT-EDGED, at any rate the long-dated kind, are in danger of becoming like gold dust. As the UK moves into a period of substantial fiscal surplus the implications for the capital market are far-reaching.

The most obvious sign of stress is the sharp downward slope of the yield curve. Remember that the elementary investment textbooks state that the curve should slope upwards with lengthening maturities, because investors require a higher return to compensate for the extra volatility of prices of longer-dated stocks. But today the yields fall from nearly 12 per cent at the very short end to 10 1/2 per cent on five-year stocks and to little more than 9 per cent at the longest dates.

The simplest explanation is that the market expects interest rates to fall to a more normal level in the short to medium term. But I bring you a warning: Charles Goodhart has pronounced a new law.

Goodhart's First Law, developed while he was at the Bank of England, related to monetary targeting: any measure of money would cease to be reliable once the Government sought to control its growth.

From his current base at the London School of Economics Prof Goodhart has now formulated a Second Law: any change in short-term interest rates is almost equally likely to



Strange things are happening in the gilt-edged market where the Government's fiscal surplus raises wholly unfamiliar questions

floating privatised equity. But the shift of emphasis away from the long end of the conventional (ie, non-indexed) gilt-edged market has now gone to an extreme. The Government is buying back stock from the institutions. Already last year the pension funds

were net sellers of £2bn of gilts, and although the insurance companies bought £1.1bn worth, most of these were index-linked. As for the current picture, Greenwell Montagu estimates that the authorities will need to buy in gilts at nearly £1bn a month for the rest of the financial year. James Capel suggests that £25bn of gilts, 20 per cent of the outstanding gilt debt, could be repurchased by April 1990.

In these circumstances the recent fall in long bond yields at a time when inflation has been rising does not necessarily mean that investors have become complacent about inflation. The point is that long yields no longer reflect the basis on which institutions will buy from the Government: it is the other way around, they reflect the level at which the Government is ready to buy from the institutions.

As the market shrinks - there are now only some £5bn of 20-year or longer conventional gilts - the normal comparisons of value between gilts and equities are becoming distorted. The message of the yield gap and the yield ratio can no longer be trustworthy when such fundamental structural changes are taking place. At the same time, real yields - adjusted for inflation - are dropping. This has helped the equity market to weather the recent rises in short-term interest rates, and it is another way

of explaining why bond yields have been so steady in the face of quite sharply worsening inflationary expectations through most of the year. Such a drop in real yields is scarcely surprising when the supply side of the long-term capital market has shrivelled so markedly. The pension funds and the life companies between them have £20bn of cash inflow in a year. With gilts being bought back at an accelerating pace, and equity issues relatively quiet this year, it is hard to see where the money will go. Liquidity is piling up, and you might say that Goodhart's Second Law is being taken notice of after all.

These are unfamiliar problems for a modern economy. But the Government needs to think through the implications of its fiscal surplus very carefully. Essentially it is driving down the real interest rate at a time when private sector savings are inadequate, and it is encouraging the build-up of liquidity.

I shall discuss solutions another week. But clearly it is necessary that private sector funding must be reshaped to fit in with the public sector's transformation. In the past the Government has more or less monopolised the long-term fixed interest capital market while crowding the personal and corporate sectors into the banks and building societies. This game is over.

### A GOLDEN INVESTMENT

Few investments have such universal appeal as gold, and for a very good reason. It has produced spectacular gains over the years, not least in the last great period of rampant inflation in the 1970s.

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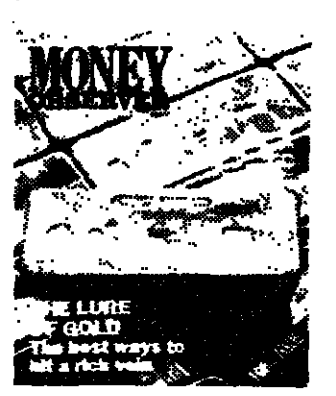
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THE MONTHLY MAGAZINE FOR DISCERNING INVESTORS



MARKETS

LONDON

Footsie falls foul of Bush's burning issues

LONDON, like other world equity markets, this week got the men it wanted in the White House for the next four years. Or perhaps, like many American voters, it was more important that it didn't get the man it didn't want.

HIGHLIGHTS OF THE WEEK

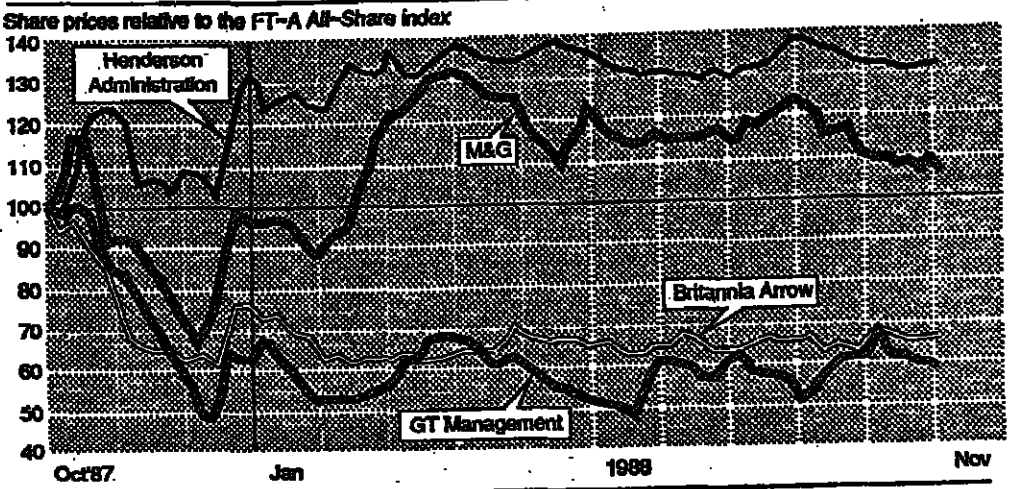
Table with columns: Price, Change on week, 1988 High, 1988 Low, and US dollar weakness. Rows include FT Ordinary Index, Browns (B), Cable & Wireless, etc.

Nobody on Wall Street, except perhaps this columnist, seems to have been surprised at the stock market's dismal performance in the aftermath of George Bush's election victory.

But even on the most sober view of the recent wage figures and employment statistics, it is clear that the US economy is now in the full employment zone in which inflation tends to accelerate slowly but surely.

What last Friday's employment numbers did, however, was to remind the markets that further dollar devaluation at this stage of the economic cycle might no longer work as the painless and benign panacea for all the world's economic ills which it had proved to be since the Plaza Agreement of 1985.

Investment management groups



Elders bid in three years. For its part, the DTI - which drops its guard of reticence when it suits - made clear that the referral was based not so much on competition issues involved in the S&N bid, as on the inquiry already in progress into Britain's tied-house system.

Another Australian, Alan Bond, continued to clear the decks for a possible assault on Lorch, his Bond Corporation and ITC, a Los Angeles-based film and television producer, to management for \$86m and confirmed that it was entertaining bids for its 14.9 per cent stake in TV-am.

month stage, as did two lead-compete insurers, Commercial Union and General Accident. The sector perhaps least in favour at present - although stores could contest the dubious distinction - is investment management groups.

FINANCE & THE FAMILY: THIS WEEK

A friendly helping hand for pensions

The Government's initiatives to encourage personal pensions have so far yielded disappointing results. But, as Clive Wolman reports, self-arranged pensions make sense, especially if you set up your own Friendly Society. Page III

When flocks rush in...

The Barlow Cloves saga highlighted the need for honest financial advice from advisers and intermediaries. John Edwards reviews a book on famous frauds and fiddles which also has a fair share of practical use for present would-be investors. Page VII



Airline sector recovers

British Airways and BAA head the Results Due as company directors file progress reports ahead of the festive season. Results Due, Summaries, Page IV

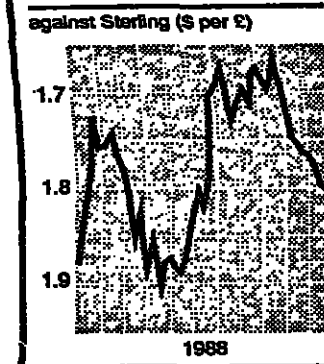
Higher charges queried

Is that increase in your unit trust charges really necessary, asks Christine Stopp? Or is the management group just bumping up its revenue? Page VI

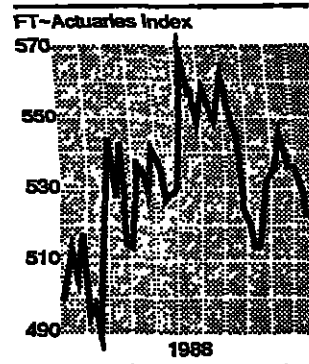
EXPATRIATES: Avoid a share swindle? Page V

BRIEFCASE: Your questions answered Page VII

Dollar



Insurance composite



US dollar in the doldrums

The twin US deficits on trade and the budget are weighing heavily on the dollar. Sliding below \$1.80 on Friday, for the first time since mid-June. Fear of central bank intervention, and a probable preference in the financial markets for George Bush as President, prevented pressure building up ahead of last Tuesday's US election.

Composite insurance blow

The composite insurance sector came under fire in midweek after California's voters narrowly approved Proposition 103, a measure introduced by consumer rights campaigner Ralph Nader. Proposition 103 calls for immediate 20 per cent cuts in premiums for car, motor, homeowners and business insurance in the state.

Banks to offer interest accounts

Barclays and National Westminster banks confirmed this week that they plan to follow the lead set by Lloyds Bank and introduce interest-bearing current accounts early next year. Details are yet to be announced, but they will be aimed at competing with the building societies accounts and at the same time offering traditional banking services.

Greenwell Montagu acquisition

Greenwell Montagu Stockbrokers announced on Thursday that it has bought the private client business of Robert Wigram & Co. from the Stakis hotels group. The purchase is part of the development of Greenwell and Smith Keen Cutler, both members of the Midland Bank group. It will increase their client base by 4,000 to 20,000 and bring total assets under management to £2bn.

Fimbra suspends York brokers

Brass Castle Consultants, of York, brokers for life insurance, pensions, and unit trusts, have been suspended from trading by the Financial Intermediaries, Managers and Brokers Association (Fimbra).

BRITISH AIRWAYS' interim figures, due on Tuesday, for the six months to September are expected to reflect some post-merger turbulence and, to a lesser extent, the effects of the air traffic controllers' dispute. But the company is expected to offer a smoother ride for the rest of the year and not disappoint the many investors who held on to their shares after privatisation.

BA looks to a smoother ride

Club Europe up by 9 per cent. First class services will be upgraded next summer. Eventually economy class will undergo similar treatment. However, the perennial problems which beset airlines remain. For example, on every plane which is fully booked, only 90 to 85 per cent of seats are usually filled. Airlines need up to date information on seat occupation and must be able to alter the marketing strategy for a particular flight quickly.

Club Europe up by 9 per cent. First class services will be upgraded next summer. Eventually economy class will undergo similar treatment. However, the perennial problems which beset airlines remain. For example, on every plane which is fully booked, only 90 to 85 per cent of seats are usually filled.

Increased competition is not BA's only problem. The cyclical nature and vulnerability of its business to recession, start coming through in the second half, with the winter timetable allowing the first opportunity for integration of routes. Though the reorganisation is complete, it may be some time before critics see the full justification for an expensive purchase tag of £235m.



Sir Colin Marshall, chairman of British Airways, says the airline's performance is a reflection of the weather. It is one reason why the shares offer a relatively generous forecast yield of 6 per cent for 1989 and a reasonable p/e of 7.4. The shares outperformed the market by 10 per cent last year, but were hit badly by recession fears following the October 1987 crash.

Happy birthday to the USM

EIGHTH anniversaries can be rather feeble, not having the romance and uncertainty of a first or second round of the satisfaction of a 10th. But noted they deserve to be, and this week marked eight years since the balloons went up for launch of the Unlisted Securities Market.

JUNIOR MARKETS

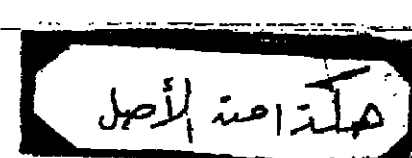
Almost £1.5bn has been raised on the USM since the heady days of November 1980 and the future of the second tier is assured.

be due partially to a correction of the average fall in prices experienced in November and December - which could have been exaggerated by the relative illiquidity of the shares - and partially the result of what it calls 'passive' outperformance.

By this, it is suggesting that the USM has not outperformed actively. Unlike the main market, where trading activity appears to be dominated by takeover activity and general

being selective, above-average returns can be achieved. In its first issue, BZW recommends three USM companies. Ashstead Group, the Leatherhead-based plant hire company, more than trebled pre-tax profits to £3.15m in the year to April 30, 1988, and boosted margins to 24 per cent.

Fiona Thompson





FINANCE & THE FAMILY

**SPECIAL dealing** arrangements for private investors interested in the coming British Steel privatisation issue are being offered by First Europe Equity & Bond Company, a London stockbroking firm formed last year. The idea is to offer investors the chance to "staple" the issue by being able to sell immediately after dealings start, probably on December 5, and take any short-term profits.

**IN THE NEWS**  
**Steel 'stag' offer**

You send the application form for the number of British Steel shares you wish to buy, together with a cheque, to First Europe. It buys them through a subsidiary, First Europe Nominees, thus saving you the paperwork involved in making a direct application. The buying order can be accompanied, if you want, by an order to sell any shares that might be allotted at a specified price or "at best" in the market.

If you sell within three weeks after dealings start, you pay a commission rate of 1.45% on bargains worth up to £1,500 and 1.3% on the next £5,000, and 0.7% on the next £5,000, and 0.2% on the rest. After three weeks, the minimum commission rises to 1.5%.

Whatever happens, you will

be able to open a Brokerline account (the company's execution-only dealing service) without paying the normal "first bargain" minimum commission of 2.4. However, if you want to transfer the shares to your own name from First Europe Nominees, a charge of £25 will be made.

With good timing just after the presidential election, Morgan Grenfell Unit Trust Managers is launching an indexed trust for the North American markets - one of the worst performers for unit trusts funds in recent years.

Its US Equity Index Tracker trust will attempt to match the performance of the Standard & Pears 500 Index by investing in a statistically selected sample of some 850 stocks. The managers claim

the fund will deviate from the index by a range of only plus or minus 0.5 per cent a year.

There is a fixed price of 100p a unit until November 29 and the minimum subscription is £1,000. But a monthly savings scheme also is available.

Murray Johnstone, the Glasgow-based investment house, has launched an investment trust savings scheme. The minimum is £30 a month or you can put in lump sums of £250 upwards.

Investment trust savings schemes are one of the cheapest ways into the stock market. The costs of acquiring shares via the Murray scheme, for example, are brokers' commission of 0.2 per cent; stamp duty and VAT. The cost of selling shares bought via the scheme is also only the 0.2 per cent brokerage charge, plus VAT. Murray Johnstone manages four investment trusts.

Midland Bank is introducing cash cards for high-interest cheque account customers on November 21. The cards will enable them to withdraw up to £500 in cash daily, transfer funds to and from current accounts, and get information about their accounts.

SUPPOSE you are under 45, on a salary of at least £20,000, unlikely to stay with the same employer until you retire and want more control of your pension money, perhaps to help finance an investment like a house purchase. Then why is there at least a 99 per cent probability that you have failed to make any move to opt out of your company's pension scheme since you were granted an automatic right to do so in July?

The Government's initiatives to encourage personal pensions have so far achieved disappointing results, despite a growing exodus out of the State Earnings Related Pension Scheme (Serps), for two main reasons.

One is the difficulty of understanding pension arrangements in all their technical detail and thus of making a thorough evaluation of the costs, benefits and risks of opting out. The security and simplicity of company schemes have always been their chief attractions.

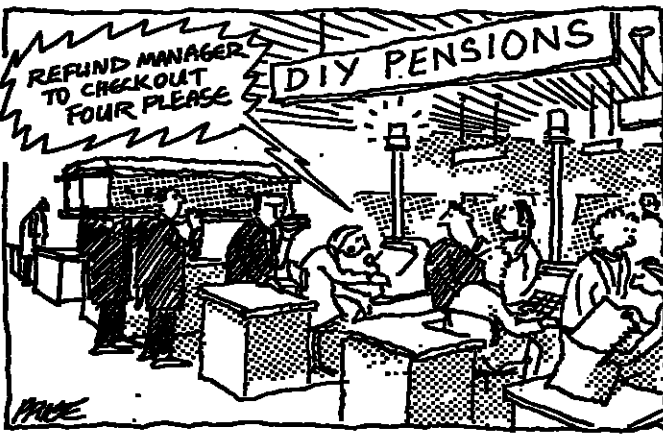
The other is the widespread suspicion of commission-hungry insurance company salesmen, who are almost the only people willing to promote and explain the attractions of opting out of company pension schemes. And that suspicion is not ill-founded.

An analysis by independent consulting actuary Geoffrey Bernstein suggests that an insurance company typically swallows up in its charges nearly £300 of every £1,000 you invest in a personal pension. This penalty is so large as to undermine the financial attractions of opting out of a company scheme, except for single people in their 26 or early 30s who feel almost certain they will move jobs before reaching their mid-50s.

However, a little-noticed clause of the 1987 Finance Act has opened up an alternative, cheap, do-it-yourself route for employees who are reluctant to allow all the benefits from opting out of their company scheme to disappear into the pockets of insurance salesmen and the expenses of their head offices. The DIY scheme, which involves setting up a friendly society with colleagues, represents the purest form of personal pensions. It gives you the right to invest in your own individual portfolio of shares, unit trusts or investment trusts, as well as in Government securities and bank or building society deposits.

You can also use your pension money to give yourself a mortgage on your home, or to replace your existing mortgage, or even to buy yourself a retirement cottage on the

**Clive Wolman on opting out of company schemes**  
**Friendly pensions**



south coast or the Mediterranean. Individuals running their own business or partnerships can also use their pensions to finance the acquisition of business premises.

More than 200 such societies have been set up over the past 10 years, mainly by professional partnerships of lawyers, accountants and actuaries. Other participants have included a well-known band of rock stars, estate agents, architects, barristers, and a group of vegetable-growers in Essex. Legislation last year relaxed the registration criteria that have to be applied by the Registrar of Friendly Societies.

The only important test now seems to be that there must be some link between the members of the society beyond their common membership.

Thus, any group of at least seven employees from the same company, even if of different status and seniority (a stumbling block in the past), can band together to form such a friendly society. As the members can now include former employees, the society can continue to operate when some, or even all, its members leave to work for other companies.

Within the society, each individual manages his own pot of money and no one has any liabilities if the investments of other members go wrong. If all the members of the society are appointed as trustees, each will normally be able to sign his or her own cheques, forms and contracts when making or switching an investment.

The simplest way of starting up such a society is to hire a firm of consulting actuaries to undertake all the paperwork necessary to set it up, to

flat £3,000 (including VAT) for the whole service, including the registration fee. If you want to use them at the end of each year to draw up the society's accounts and reclaim tax on dividends, you will have to pay an annual fee of about £500. However, Waddingham believes it is preferable for one member of the society to serve as a secretary. The paperwork involved should amount to no more than one full day's work a year and the running costs of the society should then amount to only about £120 annually to cover a simple audit fee and a few other small charges.

Suppose you are on a salary of £25,000 and have been with your company for four years. The transfer value that the company is obliged to pay you if you opt out of its scheme then will, typically, amount to about £15,000. If you set up a society with, say, eight members, each one will have to pay a £375 starting fee. Thus, you will have to pay only about 2.5 per cent of your capital in setting it up.

Thereafter, if you (perhaps with the help of your employer) make pension contributions of, say, 6 per cent a

government would have rebated to your employer if you were staying in the company scheme. Thus, the total additional sum available, if you get more than the upper earnings band of £15,860, is 6.5 per cent of £15,860 - £2,132; ie, £392.

You are not allowed to invest this sum in your DIY friendly society pot unless the society is a very large one, with income from everyone's pension contributions totalling at least £400,000 a year. Instead, the money has to be paid into a traditional approved insurance company personal pension scheme. You would, thus, have to run two pension policies concurrently.

However, offsetting the hidden and explicit costs of investing £392 a year in an insurance company personal pension - which might amount to about £170 a year - is the fact that you will be receiving in your pension plan an additional £322 from your

employers (the 3.8 per cent rebate). This sum would otherwise be used to help fund your employer's contribution into the company pension scheme. But under typical company pension scheme arrangements where pensions are related to final salaries, all (or almost all) the employers' contributions go to the older members of the scheme, particularly those above the age of 45. If you are younger than that, the £322 is of little use to you in the company scheme.

CONTACTS: Waddingham and Co., Silver Springs House, Over the M16, Denham, Bucks (tel. 0895-634-888); Huw Wynne Griffiths, Mercer Fraser, Barber Surgeons Hall, Monkwell Square, London EC2 (tel. 01-406-6655); R. Watson and Sons, Watson House, London Road, Reigate, Surrey RH2 9PQ (tel. 0737-241-144); Geoffrey Bernstein and Co., 162 Regent's Park Road, London N3 (tel. 01-458-2323).

**Brokers baffle clients**

THE SECURITIES and Investments Board (SIB), the City regulator, has responded to complaints that brokers are sending out unnecessarily complicated and incomprehensible "customer agreement" letters to their clients.

It has launched a campaign urging them to produce short, user-friendly agreements written in plain English and has produced a model "private customer letter" setting out in only three pages what it considers to be necessary to meet the new financial services regulations.

The model letter contrasts sharply with most of the customer agreement letters sent out by brokers and intermediaries in recent months. Investors, many of whom have dealt happily with the same broker for years, have received lengthy forms written in incomprehensible legal language setting out the terms and the conditions which the broker says it has to impose to comply with the financial services legislation.

If the investor does not sign this agreement by the end of next month, the stockbroker or other investment firm says it can offer merely an execution-only dealing service.

The problem is that many legal advisers to the brokers appear to be trying to cover every eventuality and to be seeking to absolve the company of any blame or responsibility if something goes wrong.

The reaction of many clients is to refuse to sign, on the grounds that they don't understand the implications of the agreements and that brokers are simply trying to over-protect themselves. The SIB has received a considerable number of complaints and already has made plain that it, too, believes many brokers are trying to pull a fast one under the guise of complying with the new regulations.

The SIB hopes its model letter will be used as the prototype for all customer agreement letters in its campaign for user-friendly agreements, and is seeking views on the draft by December 9. But the

SIB cannot force its views on the other self-regulatory organisations involved. It can only try to influence them.

The Securities Association (SIB) and the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra) have welcomed the move but are content to wait to see how matters develop.

Neither body is much concerned. Indeed, the TSA claims it has received very few complaints.

Nevertheless, investors who feel strongly that the customer agreement letters they have been asked to sign are absurd, and that SIB is taking the right action, should let their views be known, not only to the SIB but also to the other self-regulatory organisations and the brokers themselves.

"The Customer Agreement, Know Your Customer, Consultative Paper No. 3," obtainable from the Securities and Investments Board, 3 Royal Exchange Buildings, London EC3V 3NL, £2.

Eric Short

INVESTMENT MANAGEMENT SINCE 1908

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Shareholders funds at 30th September 1988 were £479m.

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Japan and Hong Kong	14.1%
Europe	18.2%
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Given statistically average luck someone holding £1,000 worth of bonds may expect to win a prize every year. Someone holding £5,000 worth could expect five prizes a year and someone holding the maximum of £10,000 worth, ten prizes a year.

Of course, chance seldom confers a statistical average on individuals, so most people will win either less often or more often than that.

It's even possible for someone with the maximum holding to win nothing in a year. But the odds against this happening are an impressive 55,000 to 1.

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CHANNEL ISLANDS

The Financial Times proposes to publish this survey on Thursday, 15th December 1986

For a full editorial synopsis and advertisement details, please contact:

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Financial Times, Alexandra Buildings, Queen Street, Manchester M2 5HT

FINANCIAL TIMES REPORTER'S BUSINESS NEWSPAPER

FINANCE & THE FAMILY

The Week Ahead

Airlines recover lost ground

THE FLOW of big company news turns into a torrent next week, as company directors file progress reports ahead of the festive season.

Is it better to fly aircraft, for example, or to own the airports they fly from? British Airways, whose second quarter results are due on Tuesday, and BAA (interims on Thursday), may advance that argument.

However, Kleinwort Benson's Peter Bergius sees a second quarter recovery, leaving the July-September figures around last year's £12m, and a better second half taking the total up to £250m for the year.

pricing to industrial customers and, effectively, told it to straighten up its act.

There will be a lesson for investors in the experience of Unilever and Unigate, seen as defensive stocks at this time last year as markets settled after the crash.

Expectations have also been upgraded for British Telecom, reflecting the buoyancy of the UK telecoms market, among other bull points.

Unigate, meanwhile, has its own product cycles to contend with; at this time last year it

was reporting a 14 per cent drop in first half profits due to the effect of a wet summer on its sales of St Ivel yoghurts and salads.

Other big names on next week's list include BOC on Monday, the Royal Insurance third quarter and Cable & Wireless interims on Wednesday, and half-year results from Plessey where the vultures, however tired they are, will still be circling on Thursday.



Sir Ralph Halpern aiming for better Burton Group profits

On Thursday Sir Ralph Halpern, chairman of the Burton Group, unveils full year results for 1987-88.

A month ago, Sir Ralph regained his title as Britain's highest paid executive, and the results, this year, should show why.

McCaughan Dyson Capel Cure expects profits to rise from £12.2m to £21m before tax, despite the onset of difficult trading conditions, particularly in young women's fashions.

Burton has now had a long run of relative market weakness. First, people did not like some of its accounting methods; then they were worried

about the DTI investigation of its tactics in the 1985 bid for Debenhams. There have been stories recently that the DTI will clear Sir Ralph and his colleagues but now there are tougher times in the retail trade, where the unified business rate and higher wage costs are expected to combine with a dull consumer background to test retailers in the months ahead.

Other big names on next week's list include BOC on Monday, the Royal Insurance third quarter and Cable & Wireless interims on Wednesday, and half-year results from Plessey where the vultures, however tired they are, will still be circling on Thursday.

William Cochrane

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table with columns: Quoted rate %, Compounded return for payee, Frequency of payment, Tax (see notes), Amount invested £, Withdrawal (pence)

Table with columns: Account Name, Quoted rate %, Compounded return for payee, Frequency of payment, Tax (see notes), Amount invested £, Withdrawal (pence)

Table with columns: Account Name, Quoted rate %, Compounded return for payee, Frequency of payment, Tax (see notes), Amount invested £, Withdrawal (pence)

Table with columns: Account Name, Quoted rate %, Compounded return for payee, Frequency of payment, Tax (see notes), Amount invested £, Withdrawal (pence)

\*Loans Bank/Halfax 90-day; immediate access for balances over £5,000. Special facility for extra £5,000. Source: Phillips and Drew. Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

RESULTS DUE

Table with columns: Company, Announcement due, Dividend (p) Last year, Dividend (p) This year

FINAL DIVIDENDS

Table with columns: Company, Announcement due, Dividend (p) Last year, Dividend (p) This year

\*Dividends are shown net of basic rate tax and are adjusted for any intervening scrip issues or third quarter figures.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Table with columns: Company bid for, Value of bid per share, Market price before bid, Value of bid per share, Bidder

All cash offer. (Cash alternative). Partial bid. For capital not already held. † Unconditional. ‡ Bid on 2.30 pm prices 11/11/86. ‡ bid suspension. † Based on FAV. ‡ Shares and cash.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit (£000), Earnings\* per share (p), Dividend\* per share (p)

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit (£000), Interim dividend\* per share (p)

\*Dividends are shown net of basic rate tax and are adjusted for any intervening scrip issues or third quarter figures.

RIGHTS ISSUES

American is to raise £700,000 via a two-for-one rights issue, Electronic Machine Company is to raise £200,000 via a one-for-two rights issue at 5p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Apollon Watch Products is to join the USM via a placing of 12m shares at 20p. Compagnie Group is planning a position early next month which will value the company at £25m.

Melays Group is to join the Third Market via a placing of 3.2m shares at 50p. Tanya Holdings is to raise £1m via a placing of 500,000 shares.

WEEKEND BUSINESS

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LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF THE COMPANIES ACT 1985

IN THE MATTER OF WESTERN MOTOR HOLDINGS PUBLIC LIMITED COMPANY

AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 11th day of October 1986 presented to Her Majesty's High Court of Justice on 12th October 1986 for the appointment of a liquidator of the above-named Company in accordance with section 201 of the Companies Act 1985.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Hoffmann at the Royal Courts of Justice Strand, London, W2C 2LL, on Monday the 21st November 1986.

ANY creditor or shareholder of the said Company desiring to oppose the making of an order for the liquidation of the said Company should appear at the time of hearing in person or by Counsel for this purpose.

A copy of the said Petition will be furnished to any such person requesting the same by the undersigned Solicitors on payment of the regulated charge for the same.

Dated this 12th day of November 1986

Harris, Rosenthal & Krauser 25-26 Bedford Row London WC1R 4HE

Solicitors for the above named Company

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF WESTERN MOTOR HOLDINGS PUBLIC LIMITED COMPANY

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Dated this 10th day of November 1986

Judrey Green & Russell Apollo House 88 New Bond Street London WY 1AA

Solicitors for the above named Company

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FINANCE & THE FAMILY

EXPATRIATES

# How to spot a share swindle

SHARE SWINDLING is alive and well and living in just about every country and expatriates are often among the unfortunate victims of this ugly and highly-organised crime. Police in various European countries at present are celebrating the break-up of an international share swindle, the eventual cost of which could run into billions of dollars. That's a lot of worthless bits of paper. But financial fraud is such a lucrative business that there are certain to be many more going on, even as you read this.

How, then, can you avoid being conned? There is no fool-proof method but there are now good early-warning signs. The first amber light should glow when you receive a share tip sheet when you haven't asked for it. These missives usually have confidence-inspiring names such as the Strategy Market Letter or the Investor's Guide to Profits.

Typically, the tip sheet will attempt to give you an aura of respectability by focusing on "buy" recommendations for household-name companies. But, tucked away, there will be a glowing tribute to some unheard-of stock, usually allegedly quoted on one of the smaller North American exchanges.

Normally, you will then receive another tip sheet, and another. Each time, the unheard-of stock gets more and more hype while the blue chips fade into the background. So, you start to be seduced by the idea that the unheard-of company might represent a fortune just waiting to be made.

That is the softening-up process. When, in due course, you

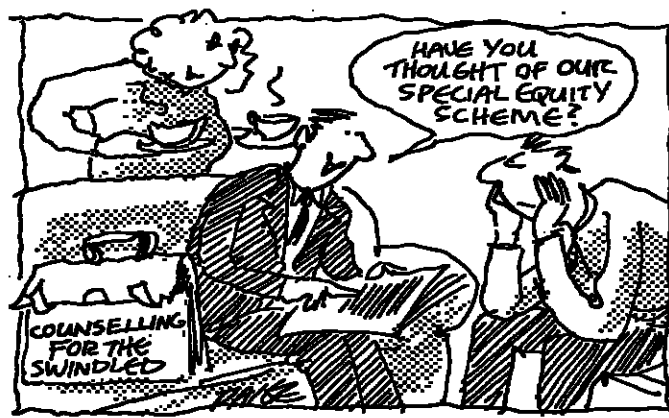
get the telephone call from the Manhattan skyline voice which talks in terms of a megabuck opportunity, you are already in a mood to get rich quick.

Mr Squeaky Clean answers telephones from a country other than your own. Often, it's Spain or Switzerland. Sometimes, it's Belgium. Increasingly, it is the Pyrenean highway of Andorra. Squeaky Clean tells you he has just acquired this once-in-a-lifetime line of stock and, because you are a discerning investor, he's offering you a stake. The price of the stock is sure to double in the next two months.

Unfortunately, this is quite often the point at which some people succumb to Squeaky Clean's spurious charms. They write a cheque for, maybe, \$5,000, send it off - and that's the last they see of their money. They might or might not get a so-called share certificate.

Not long after, feelings of self-doubt set in. "Have I done the right thing? Have I been duped? Surely not. That's the sort of thing that happens to other people who are far less intelligent and less rational than I am..." The sad truth is that greed knows no boundaries of intelligence or education. University professors and chief executives of companies are both just as vulnerable, realising too late that they have been stung.

Belated efforts to regain their money are usually of no avail. For a start, Squeaky Clean cannot be tracked down, even though the voice at the other end of the line you are now calling sounds remarkably familiar. Often, "he" is on vacation in the US.



A surrogate smoothie explains in helpful and moderate tones why it is difficult to liquidate your investment "at this point in time." You might be told that it is against the law of Spain/Switzerland/Belgium to sell shares while a takeover bid by a well-known company is pending/imminent. If you persist, you might be able to sell your shares - but only if you agree to buy others in a different, and probably even more dubious, company.

Dwight Baum, a Pasadena-based investment adviser in California, has studied the antics of share swindlers in detail. He offers the following advice:

- Regard any unsolicited mail shot as worthless, irrespective of any apparent fancy cover price and even if it mentions some quality securities and gives what seems to be unbiased advice.
- Never accept any financial statement made by a caller from outside your own country unless you have had long and satisfactory relations with the individual and he or she is an authorised representative of a long-established financial organisation, the bona fides of which you have checked.
- Beware of names sounding similar to accepted names but located in unlikely spots (eg, DeBeers Diamond Investments of Phoenix, Arizona).
- Demand that any statement about a coming merger or takeover be put in writing and mailed, and do not act until receiving it. Legitimate markets today are very efficient and it is absurd to accept a statement from an unknown distant share-pusher claiming he has some inside track which he wants to share with you out of the goodness of his heart.
- Never, ever let a salesman "reload" you, so that you swap a \$10,000 dog for two \$7,500 cats "plus you only need \$5,000 cash to take advantage of this wonderful new opportunity." Always insist that any liquidation be settled in cash, in full.
- The Securities and Investments Board (SIB), the UK's financial watchdog, adds its own do's and don'ts. It warns you to be wary of special offers and discounts. If a deal sounds too good to be true, it probably is. If in doubt, hang up the telephone or throw the mail shot away.
- Finally, the SIB warns, no deal is ever so urgent or vital that it has to be done over the telephone. Don't be pressurised into writing a cheque there and then. If a share salesman wants your money that quickly, it's because he knows you will decide not to write the cheque if you take the time to think about it.

**Peter Gartland**  
 ● Peter Gartland is editor of *The International*, the FT's magazine for expatriates.

# Ian Hamilton Fazey reports on BWD Rensburg, where youthful dynamism and regional pride are proving a winning combination Northern empire strikes back

THIS WEEK'S £7.5m takeover of Rensburg, an old-established Liverpool company, by BWD Securities marks the emergence of a new force in stockbroking in the north of England. BWD Rensburg as the new company will be called, will have 35,000 clients, offices in Bradford, Huddersfield, Leeds, Liverpool and Sheffield, and 2500m under management.

Yet only five years ago BWD was a small Huddersfield broker distinguished mainly by its rather old-fashioned name of Batty, Wimpey and Dawson. Now, it has a northern empire running along the M62 corridor from the Mersey to Leeds and dipping south down the M1 to Sheffield.

The first surprise to be sprung by BWD this year was in April when it became the first UK stockbroker to go public. The issue - of 9.4m shares representing 42 per cent of the then equity - was via the USM. It was 2.5-times over-subscribed and raised £2.4m from 1,400 applicants.

Much of the money is still unused because the Rensburg deal has been financed by a combination of new shares and cash from Yorkshire Building Society, so BWD is ready for yet more expansion. The society has bought 10 per cent of the new shares from the Rensburg partners, who will keep the rest. There are now 17m shares in issue, with the original BWD principals' holdings diluted to about 25 per cent.

In an age when independent regional stockbroking has become increasingly difficult, BWD's story borders on the astonishing. It should turn over more than £300m this year and - in contrast to an industry still recovering from

the staff-shedding aftermath of Black Monday - is taking people on. Before the Rensburg take-over, the payroll had risen by 20 since March to 96 to cope with its expansion.

The youth of the two joint managing directors might explain the rapid transformation of the group. Christopher Broadbent is only 32 and Michael Woodhead 37. They took charge eight years ago when their respective fathers died.

Before the Rensburg deal, BWD had already forged an unusual link with the Yorkshire Building Society. This month, it is launching a share-dealing service for the society, running initially from selected, larger YBS branches. In return the society acquired a 4.9 per cent stake in BWD for £500,000, with an option to buy a further 15 per cent. Since YBS has 765,000 depositors, 16 per cent of whom already own stocks and shares, Broadbent is - quite reasonably - expecting to pick up market share from other stockbrokers.

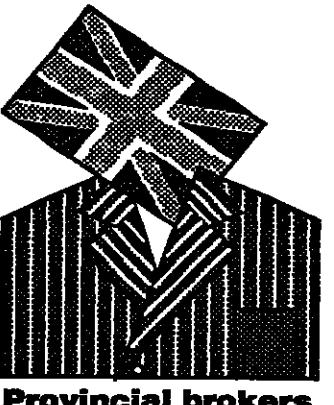
It will continue to trade heavily on regional chauvinism. This used to revolve round Yorkshire but the M62 - coupled with the continuing thriving state of the Greater Manchester and West Yorkshire economies - seems to be creating a trans-Pennine state within the state.

Regional chauvinism also drives another core activity: the Yorkshire General Unit Trusts. There are two, one for growth and one for income. Datastream figures show them performing well ahead of the FT All-Share index. The growth fund deliberately puts three-quarters of its funds into Yorkshire-based companies, and the income fund also invests heavily in the region.

"Regional chauvinism can be a strong marketing virtue," Broadbent says. "People actually want to invest in businesses which help sustain their local economy. They feel proud about it."

The trusts are chaired by Neil Balfour, founder of York Trust, the Leeds-based merchant bank. The managing director is Professor Brian Murphy, who was given a personal chair in accountancy by Huddersfield Polytechnic but who has now left to work full-time at BWD. He says: "The unit trust industry has taken a hell of a knock in the wake of Black Monday - but not us. Our funds have done well because they are largely invested in very well-managed Yorkshire companies."

"We now have 15m units in issue, 1m of them issued since the crash. We use computer technology as fully as we can and can value each trust in just under 10 minutes, so we always know where we are. We sorted ourselves out very



quickly on Black Monday and really can boast that, in effect, we never closed.

"Our ambition is to establish Yorkshire General Unit Trust Managers as another M & G. We are looking hard to expand by acquisition, but it is difficult to find people who are for sale. We find that amazing, given that some parts of the industry are still in a mess following the crash."

However, chauvinism is not just about sentiment. In BWD's case, it is coupled to special local knowledge that London analysts will struggle hard to attain. More than 150 quoted companies in or around Yorkshire are followed closely. Apart from needing to do this for the unit trust managers and clients, the fact-finding visits build strong contacts with senior decision-makers in the companies. Broadbent says this is leading to an increasing amount of corporate work, especially in registration.

The research findings are published in *The Review of Yorkshire Companies*, which has switched from annual to quarterly publication. BWD used to print between 300 and 500 copies, giving most away. Now it is printing 1,000, with only a fifth going out to promote the company; the rest are sold at £25 each.

"We switched a lot of the complimentary copies of the last annual edition to institutional investors, mainly pension funds, and got a good response back. Most of them had never heard of us," Broadbent says.

Such ignorance is unlikely to last much longer. As Broadbent points out, modern technology enables stockbroking to be carried on anywhere.

# Eric Short on the Collective Investment directive Unit trusts gear up for a European challenge

ALTHOUGH 1992 is the date mentioned most when people are talking about a unified financial market in the European Community, the date written in the diary of every unit trust chief executive is October 1, 1988.

This is the day when the Community's UCITS (Under-takings for Collective Investment in Transferable Securities) directive becomes effective. Member countries must have legislation in place by next October that enables Collective Investment schemes to compete freely throughout the community. So far, only the UK and Luxembourg already have the required legislation.

If all goes according to plan, UK investors in the EC will from next October be able to

select their investments from a variety of Collective Investment funds originating from various European countries. UK managers will be able to market their funds in Europe alongside those of other countries.

Normally, this would be welcome news for UK unit trust management groups. They have the edge over most of their Continental counterparts in product design, marketing, and depth of international fund management capacity. However, in the all-important area of taxation the UK authorised funds lose out in certain areas to many based on the Continent, particularly the offshore funds in Luxembourg.

A working party of the Unit Trust Association has been investigating the likely situa-

tion after October 1988 and has now published its findings. It says the two major tax disadvantages of UK-based trusts are that they pay corporation tax on unfranked income (revenue that has not already borne corporation tax, such as dividend interest income) or that from overseas investments) and that most switches between funds are subject to capital gains tax.

The investigations show that, in contrast, many other EC Collective Investment schemes, particularly those based in Luxembourg, do not suffer such tax penalties.

Corporation tax on unfranked income will have its biggest impact on the new UK-based bond and cash funds. The impact on income from overseas equities is offset by double tax agreements with various countries. The CGT penalty hits the umbrella funds hard. Every switch suffers a tax liability so, not surprisingly, UK management groups are setting up their umbrella funds in the tax-free climate of Luxembourg.

What, then, is the overall effect of the present position when investors consider the attractions of UK onshore versus offshore versus European funds?

- UK equity funds. At the end of the day, there is tax neutrality between onshore and offshore funds. European funds investing in UK equities tend to be at a disadvantage, so there is no problem with the sector for the British groups.
- Overseas equity funds. Although the income element is subject to corporation tax, the double tax agreements tend to give UK onshore funds the edge, particularly US funds. However, European local-based funds are usually more tax-efficient. For example, a domestic French equity fund is more tax-efficient than a UK-based French fund.
- Bond funds. Here, UK onshore funds really lose out to offshore Luxembourg-based funds.
- Umbrella funds. Again, onshore funds lose out to offshore funds.

The solution put forward by the UTA working party in its submission for next year's Budget is not for UK funds to operate in a tax-free environment but, simply, for certain changes to be made, namely:

- Unfranked income to be taxed at the basic income tax rate of 25 per cent, offset by management expenses.
- Allowing switches with UK umbrella arrangements to be free of CGT, leaving the ultimate unit cash-in to be taxed.

Without these changes, the working party sees the danger of management groups moving their entire operations offshore. For if these groups have to move the bond and umbrella funds to Luxembourg, they might well find it convenient to move everything there.

# QUIETIES?

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## "LEGAL MUGGING" SENDS CITY REELING

BY DAWN RAID OUR CITY CORRESPONDENT



The financial market has been plunged into chaos following a vicious takeover battle. Both Cadbury and Philips have been snatched from the helpless Morris Denton, frivolt tycoon and furious MIP (Vegetarian Diner Party). At 3.30pm the attack started when Vanessa Winter-Jones (John Craven for President Party) made a hostile bid for Cadbury. "Wake up Denton!" warned Timothy Gorb former teacher and now MP (Invite Red Ken to your Party). "If you want to survive you've got to stay one step ahead of these students of Thatcherism." Denton's vulnerable position was a red flag to other bullish marketeers.

Pundits struggled in the stampede to prise Philips away from Denton. "Why is everyone stripping my assets?" he wailed while nervously consuming another stuffed tomato as is his habit. "I warned you these people are after just one thing - success!" informed Gorb the somewhat left of centre anarchist who now makes up the one Government opposition. Insider dealers believe it was Denton's last plea to the Prime Minister that caused his final downfall. "I only want to see fair play and a fair share for all; not legal mugging!" This prompted PM Walter "Bruiser" Gollightly to joyfully raise Denton's taxes to an unprecedented level and successfully takeover Philips. As Denton's SOS was heard above the uproar "Bruiser" remarked "Crisis? What crisis? I've never had it so good!" Certainly the players find their business and political talents pushed to the limits. After all, the game Poleconomy is definitely not for the meek.



### COMMERCIAL PAPER

The Financial Times proposes to publish a Survey on the above on 30th January 1989

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## FINANCE & THE FAMILY

Heather Farnbrough on a sharp decline in profits

# Bad news all round

A DRAMATIC fall in profits at two of the UK's best known investment management houses this week showed up the problems facing investment groups. But does it matter to investors?

The companies say it doesn't. But while there is no direct relationship between the group's profitability and the performance of its funds, poor figures are still bad news for investors in those funds.

On Monday, GT Management reported profits of £2.7m for the six months to September 30 - these were less than a third of those reported over the same time last year and worse than most analysts had expected. GT's unit trusts, which account for 11 per cent of its business, were hardest hit, for reasons common to others in the industry, such as compliance costs and changes in dealing rules.

Then, on Wednesday, Henderson Administration announced that its profits had fallen from £15.2m to £4.3m for the six months to September 30, the first complete half year of trading since the market crashed over the last year, while those below board level

trust activity and the loss of "hot" profits. However, Jeremy Edwards at Henderson Unit Trusts says that after a period of heavy redemptions (sales by investors), the company is now a net seller to investors.

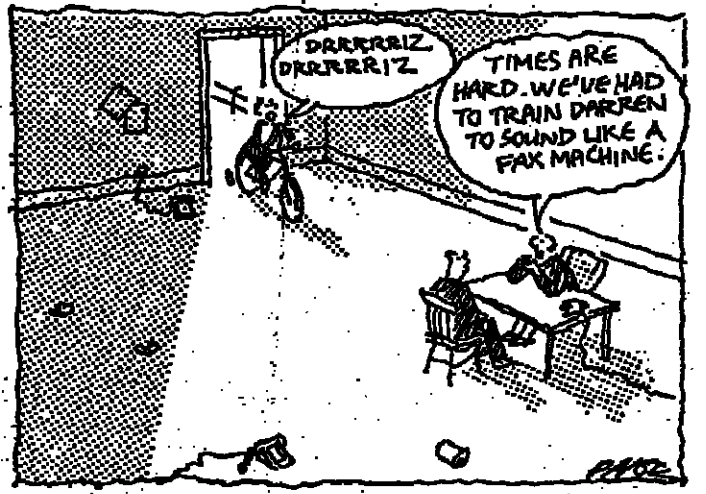
The problem with heavy redemptions is that with no cash coming in, funds are forced to sell to raise cash. As it is usually easier to sell good quality stocks, the overall portfolio suffers. Meanwhile, the managers are unable to take advantage of any upturn in the market.

When profits are under pressure, there are two options: cut costs and put up fees. The signs are that most groups are trying to do both. Putting up fees is naturally unpopular with unit or policy-holders; cutting costs will not necessarily be against their interests if it leads to greater efficiency.

Both Henderson and GT have been pruning costs. Henderson has cut staff costs (one third of the total) by 21 per cent, although it has not cut fund managers' salaries. GT fund managers on the main fund have taken 15 per cent pay cuts over the last year, while those below board level

have had salaries cut by 10 per cent. Investors' hearts may not bleed. But the danger is that pay cuts and the abolition of certain perks can lower morale of the fund managers. Furthermore, the value of share options designed to bind the manager in may have fallen to such an extent that they are no longer worthwhile. It is thus easy for more affluent groups to poach staff. For example, GT lost manager Roger Yates this week to Morgan Grenfell for an offer he simply could not refuse.

Demoralised, depleted armies of fund managers are unlikely to have much incentive to perform. Independent groups without a strong capital base also run the risk of a hostile takeover. These can result in a rationalisation of funds, as happened when MIM Britannia took over County Unit Trust Managers in September 1987. However, as Graham Moyses at Kleinwort argues, the threat of a takeover can be something of a two-way bet. "When the screws are on in a bear market, there has to be a greater emphasis than ever before on performance."



Both GT and Henderson have stressed that they intend to remain independent. GT directors hold around 30 per cent of the equity, while at Henderson, 22 per cent is held by four investment trusts. So it would not be particularly easy for a predator to move in.

The extent to which fund management groups have been affected by the bear market and the need to comply with new regulations varies. As Philip Gibbs at CL-Alexanders Laing & Cruickshank comments: "The important thing is to have a range of products because it is unit trust groups which are being hit."

It also helps to have another source of cash. Save and Prosper has the capital backing of

Robert Fleming to fall back on. Allied Dunbar has a good cash flow from its other insurance products, as does Standard Life.

Among the independents, Mercury's large pension funds should smooth over any fluctuations in unit trust business. M & G, heavily dependent on unit trust business, was exceptional in the industry in that it never rounded up. Perpetual is almost totally dependent on unit trust sales but it does have low marketing costs.

Unit-holders do have the option of selling if they are worried about the group they are with. But switching is an expensive business particularly with initial charges on unit trusts rising

### Unit Trusts/Christine Stopp

## Higher charges queried

Two examples are Scottish groups Dunedin, with £44m under management in unit trusts and Waverley, with a mere £14m. Both were early in developing computer systems, which undoubtedly cut transaction costs, and lower Edinburgh office rents also help.

Dunedin "don't feel under any great pressure at the moment" to raise charges, while Waverley's Willie McInnes feels there are no brownie points in working to keep charges down when the apathy shown at meetings called to approve increases suggests that the investing public doesn't seem to care much.

However, he thinks that now is not the moment for groups to make fresh demands of unit-holders. "It would be nice to have higher charges but, at the end of the day, you have to earn them," he says. "The time to put up charges is when you're making the investors some money."

As well as simply increasing charges, groups are looking at other ways of apportioning costs to their benefit. Trustee and audit fees traditionally have been met by the manager, but most groups are altering their trust deeds to allow such

fees to be charged to the fund. This will not make an enormous difference - audit fees are relatively insignificant and trustee fees might typically amount to 0.1 per cent of funds under management - but it all adds up to an increased burden for the unit-holder.

On this one, though, investors are unlikely to be supported by the legislators. Professor Gower's original report, which helped to trigger the whole Financial Services Act, was in favour of trustee and audit fees being met by the fund. He argued that there was a basic conflict of interest if the management group was responsible for paying those whose job was protecting unit-holders.

With some charges increased without a unit-holder meeting, and other fees switched to the fund, investors will have a less and less clear picture of the true cost of their investment. But, in keeping with the spirit of full disclosure, the SIB is looking at the possibility of an expenses ratio figure that might even be published in the press alongside prices. This would give a simple guide to the cost of investing with each group.

Such a move might even be welcomed by managers as a means of achieving disclosure in a way that affects all groups equally and allays suspicions that they are profiting at public expense.

Offer price calculation for typical UK unit trust

Appropriation price	£1.00
Old rules	
Initial charge (5%)	2.55
Rounding (1%)	0.445
Offer price per unit	£4.10
New rules	
Rounding to 4 figures	-0.005
Offer price per unit	£3.650
Initial charge (5%)	3.06
Rounding to 4 figures	-0.005
Offer price per unit	£4.160

### FLUID ENGINEERING

The Financial Times proposes to publish this survey on:

9th December 1988

For a full editorial synopsis and advertisement details, please contact:

Fenny Scott  
on 01-248 8000 ext 3389

or write to her at:

Bracken House  
10 Cannon Street  
London  
EC4P 4BY

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

### DEFENCE

The Financial Times proposes to publish this survey on:

14th December 1988

For a full editorial synopsis and advertisement details, please contact:

Stephen Deaker-Johnson  
on 01-248 8000 ext 4148

or write to him at:

Bracken House  
10 Cannon Street  
London  
EC4P 4BY

**FINANCIAL TIMES**  
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### ENTERPRISE AGENCIES

The Financial Times proposes to publish this survey on:

16 DECEMBER 1988

For a full editorial synopsis and advertisement details, please contact:

RACHEL FIDDMORE  
on 01-248 8000 ext 5116

or write to her at:

Bracken House  
10 Cannon Street  
London  
EC4P 4BY

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

### COUNCIL OF THE CORPORATION OF FOREIGN BONDHOLDERS

SUBMISSION OF CLAIMS

As announced in the Press on 21st May 1988 the Council of the Corporation of Foreign Bondholders are now taking steps towards the liquidation of the Corporation.

Over the years since their foundation they have, in the course of protecting the interests of bondholders, issued or assumed responsibility for various certificates and other instruments which established claims on the Corporation, and in spite of a number of invitations published in the past some of these have never been submitted for redemption or payment.

The Council accordingly issue a FURTHER INVITATION to holders of any such documents which appear to establish a claim on the Corporation, and in particular those listed below, to present them to the Council of Foreign Bondholders, 35 High Street, Bromley, Kent BR1 7LE (Telephone 01-484 0205). When documents are sent through the post, these will be at the holder's risk.

Documents Redeemable by the Council:

TITLE OF LOAN	NATURE OF DOCUMENT	YEAR OF ISSUE
ARGENTINA 4% Bonds 1983	Fractional Scrip Certificates	1980
BUENOS AIRES PROVINCE (Mortgage Stock)	Certificates of Deposit	1983
AUSTRIA-HUNGARY 4% Gold Renten 1976	Tickets (receipts)	1926
COLOMBIA Consolidated External Debt 1988 Conversion	Arrear Coupon Certificates Fractions	1905 about 1986
COSTA RICA Consolidated External Debt Gold Reducing Bonds 1971	Arrear Coupon Certificates Fractional Certificates	1977 & 1904 1971
ECUADOR 4% External Debt 1988	Certificates of Deposit	from 1929
Guatemala & Caba Railway Co. 5% (5%) Mortgage Bonds GATRAL	Certificates of Deposit	from 1929
4% External Debt of 1985-1975	Fractional Certificates	from 1913
4% External Debt of 1985-1975	Vouchers for deduction from Arrear Coupons	1913
4% External Debt of 1985-1975	Fractional Certificates	from 1926
HONDURAS Government 5% Railway Loan 1987	Certificates of Deposit	1909
Government 10% Railway Loan 1987	Certificates of Deposit	1909
Government 6% Railway Loan 1989	Certificates of Deposit	1909
Government 10% Railway Loan 1979	Certificates of Deposit	1909
NICARAGUA 1988 Railway Mortgage Bonds 4% Floating Loan 1989	Arrear Coupon Certificates Funding Certificates and Fractions	from 1986 1916-1920
PARAGUAY 1985 Conversion	Fractional Certificates	about 1986
PERU Pisco to Yca Railway Loan 1989	Certificates of Deposit	about 1989
3% External Debt 1983-1984	Certificates for unpaid interest	1983

Also, under the Act of 1988 reconstituting the Corporation, there is an outstanding liability to certain holders of Certificates of Permanent Membership issued by the Corporation, or to the Representatives or Assigns of such holders.

### Make Your Fortune With IT

A £100 investment in Capital Gearing ten years ago has since grown to over £3,000. A similar sum invested in Lowland or Moorgate is now worth over £1,100.

These are just three of many investment trust successes. To help you spot the winners of tomorrow, there is nothing better than Investment Trusts, the only magazine that provides comprehensive information about investment trusts.

The latest 60 page issue costs £2.50 and can be obtained from 120-126 Lavender Avenue, Mitcham, Surrey CR4 3HP. Its cover story focuses on 12 trusts that are sitting takeover targets, and two of these have already seen action.

IS THAT increase in your unit trust charges strictly necessary? Or is your management group just trying to raise revenue to get it through a lean patch?

So many groups have now raised charges, or introduced into their trust deeds higher "ceilings" for charges so they can be increased without prior approval later on, that a move towards a 6 per cent initial charge (against 5 per cent now) will be established as the industry norm. At the same time, annual management fees are being increased from 1 to 1.25 or 1.5 per cent, according to the type of fund.

These rises have been justified by the groups as being an absolute necessity to cover their increased costs resulting from complying with the Financial Services Act (FSA) and, in particular, the new regulation from July 1 that banned the imposition of "rounding up" charges by unit trust managers.

But is this strictly true? Are the increases really justified? The industry has already received an unofficial (but public) warning from the Securities and Investment Board (SIB), the umbrella self-regulatory organisation, on the subject. Jim Hickman, a SIB deputy director in the investment management and products division, suggested at a recent unit trust conference that some groups "letters to unit-holders, pressing them to agree to increased charges, were verging on misleading."

He said - to the dismay and outrage of unit trust managers present - that, under the Financial Services Act, making statements calculated to mislead investors can be punished by seven years in jail.

The 5% (or 6 per cent) question is: how are some groups able to get by without raising charges, while others claim increases are an absolute necessity? One possibility is that charges are simply being raised to compensate for inefficiency in management and a flat trading period in the stock market that has reduced the flow of money coming in, despite earnest industry assurances to the contrary.

"It's not the unit trust management companies trying to push a fast one in the post-FSA environment. Most groups are not covering the revenues lost and charges incurred," says James Dawney, of Mercury Fund Managers.

It is difficult to prove the truth or otherwise of this throughout the industry. But it can be shown that an increase in the initial charge of 1 per cent can more than compensate for the loss of "rounding" which was, quite simply, an invisible way of boosting the manager's return on a unit trust deal.

The old regulations allowed the manager, when calculating the price of units, to adjust this to a whole number by adding up to 1.25p or 1 per cent, whichever was smaller. In practice, the highest permitted amount was charged routinely by managers, whether or not it was necessary. This boosted the manager's revenue by 1 per cent on unit turnover, since rounding applied to both offer and bid price calculations. The new regulations ban rounding in this relaxed form; the present method is much stricter and, effectively, stops managers from profiting in this way.

It is hardly surprising that unit trust groups were sorry to see the loss of rounding, although many now openly admit that the way it was calculated was an abuse. But are they justified in replacing this "hidden" charge by an open increase?

The table shows how rounding works in an offer price calculation before and after the change in regulations, using the same initial charge of 5 per cent. The appropriation price is what it costs to create a unit net of management charges. The demise of rounding under the old formula clearly reduces the offer price. However, the third column shows that, by raising the initial charge from

## Save and pay more

ANOTHER LEADING unit trust group, Save & Prosper, is planning to seek approval from unit-holders to raise its charges and amend trust deeds. A series of meetings will be held on November 25 and December 4.

Julian Tregunna, S & P's investment services director, said the proposed increases in charges would significantly, but not completely, help offset the reduction in their income as managers as a result of changes and new regulations for unit trusts that had to be introduced under the Financial Services Act.

Annual charges for the initial cost of complying with the new regulation is £3.1m and that the additionally yearly cost will be about £0.75m.

The rounding up charge of up to 1 per cent on the purchase of unit trusts had been abolished and "book management" (where the managers run a book of unit trusts on their account primarily to satisfy sale and purchase orders) had been made much more difficult and complex and significantly reduced the returns for managers.

In other words, previously hidden profits for the managers, made from rounding and "book" dealings, have effectively been abolished and the groups are now seeking to reclaim them back from unit-holders.

S & P plans to ask unit-holders to approve a rise in the maximum initial charge to 7.5 per cent. However, "for the foreseeable future" the actual initial charge will be increased from 5 to 5.5 per cent on all their unit trusts, with the exception of two tax exempt trusts for charities and pension funds.

The group is also seeking approval for the maximum charge for management to be raised to 1.5 per cent. But, the actual increases applied will vary considerably.

There will be no increase until three years has elapsed since the last increase, so the charge for American Smaller Companies, Eastern Discovery, Gilt and Fixed Income, Masterfund and UK Smaller Companies will be unchanged for the moment.

Annual charges for the income, investment trust and UK equity fund will go up to 1.25 per cent, and capital growth trusts to 1.5 per cent.

Under another proposal, fees paid to the funds' trustees are going to be increased and the cost of payment transferred from the managers to the fund (i.e. unit-holders).

At the same time the group wants unit-holders to support changes to the trust deeds that will enable it to utilise the wider investment and borrowing powers allowed under the new regulations, such as the ability to "hedge" against movements in foreign currency values.

Some amendments to the trust deeds have to be approved by unit-holders to comply with the new regulations before April 1990, so that the trust can continue to be authorised. But unit-holders are free to make up their own minds whether higher charges are needed or justified.

John Edwards







# Houses

## & GARDENING

### Aiming to be more than a mere address

John Brennan reports on Butlers' Wharf and Kensington Palace Gardens — two of London's most significant residential schemes

SIR TERENCE Conran and Prince Charles share a commitment to design and style that puts them at odds with the average standard of housing development in Britain today. Now both have had the opportunity to influence two of London's most significant residential schemes, in one case as prime mover and personal investor, in the other as a wary near-neighbour and unconscious promoter.

The two developments, Butlers' Wharf, SE1, and Kensington Palace Gardens, W8, are miles apart, both physically, and in terms of their respective markets. But both aim to rise above being mere addresses to become instantly recognisable London locations in their own right. To achieve that, both have had to defy the cost accountability of a normal housing scheme.

That means a £200m commitment by Sir Terence, Jacob Rothschild, Lord McAlpine and their equally distinguished fellow shareholders in the private Butlers' Wharf development company. At Kensington Palace Gardens, it is a £30m-plus investment in just 20 apartments, Regalian Properties' bid to create the most fashionable, and what will be, unarguably, the most expensive, apartments in London.

Achieving a sense of place is no problem for Regalian. That came with the purchase of the most expensive stretch of residential development land in Britain, the £21m former kitchen gardens of Kensington Palace.

The Crown Estate's offer for tenders for a 99-year lease on the site attracted more than 20 bids, most based on valuations taking account of the existing planning permission for an apartment block with 40 large flats. Given the site, which faces out over the trees to Kensington Palace and beyond to Hyde Park, it was a fairly simple matter to work out bids based on flat resale values running up to a couple of million pounds apiece.

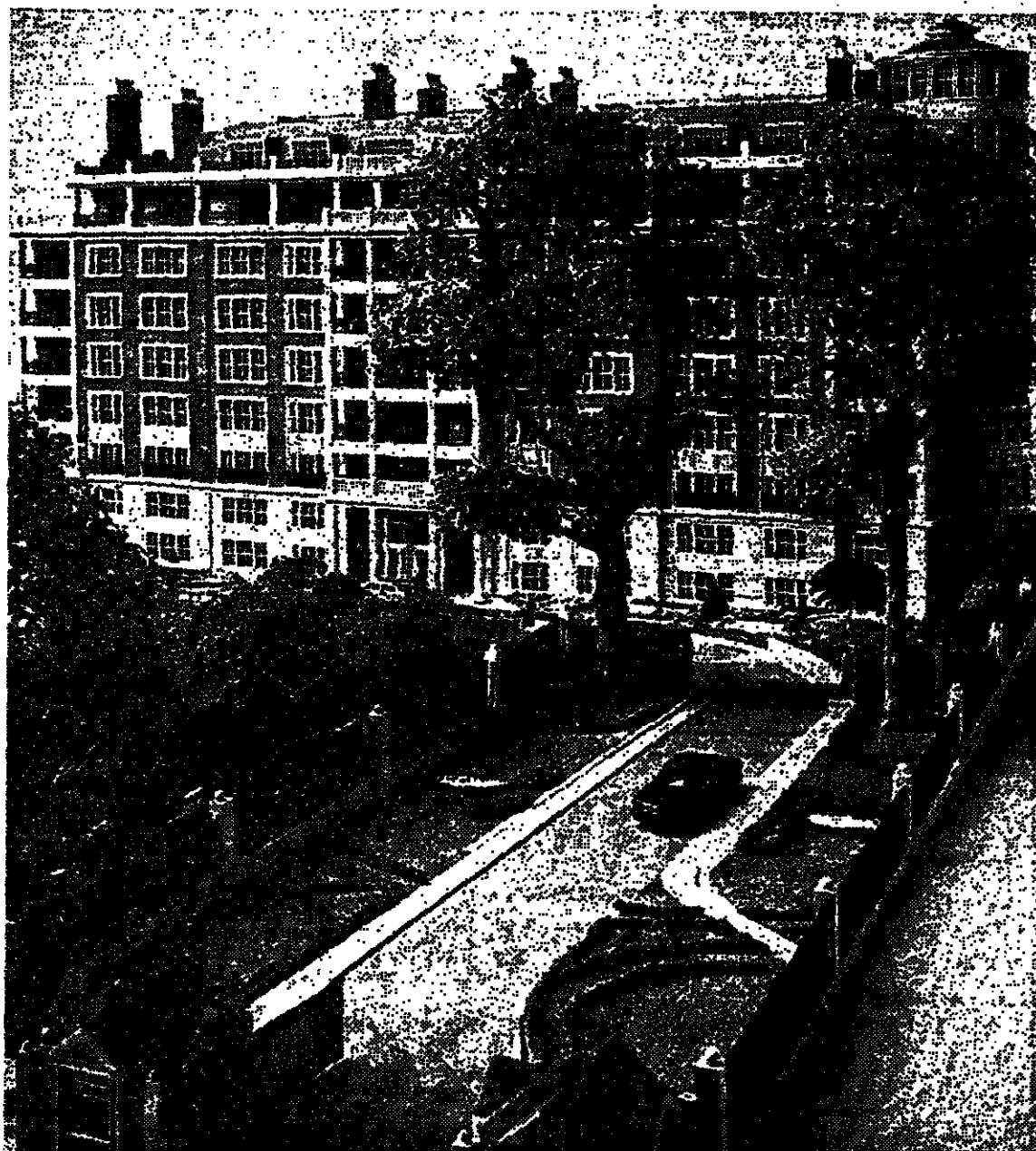
Those would hardly have been "average" flats. But, as David Goldstone of Regalian puts it, for this site "they would have been pretty ordinary, nothing to write home about." He took the view that forty big flats would be pretty run of the mill for a site in a private road that can claim half the Royal Family, eight ambassadors, a couple of High Commissioners, and eight full embassies among its neighbours. So what about half the number of full-scale mansion-sized flats at twice the price? Would there be enough people for whom £2m would be the bottom marker in a price range running up to £10m — a record for a single leasehold flat in London?

If Goldstone has any doubts about that, with the combination of site acquisition and construction costs, he does have 50m £-sized reasons to suppress them. He was convinced that the Crown Estate Commissioners had a site that, "cries out for something really special, for apartments of a quality that has not even been contemplated in Britain before, let alone achieved." They accepted his 20-flat approach, took Regalian's £21m cheque, and waited to see the detailed plans.

It was at this stage that the neighbours began to take an interest in the plans.

In the cannon of property developers' nightmares only one horror that could top the discovery of a well-disguised nuclear waste dump next to a newly-acquired site. Regalian hit the jackpot when Prince Charles rushed a last-minute, personal objection around to the local planning committee just as the drawings for the new, mega Kensington Palace apartments were due to be waved politely through.

In fact, the developers could hardly have engineered a more effective international publicity campaign if they had tried. The Royal objections underlined the fact that Charles and Diana are among the building's nearest neighbours, and the objections themselves created no serious problems for a design that fits, externally, within the constraints of the existing planning consents. Minor facade changes resolved the appeal problem. And, before 1990 is out, contractors Bovis should have finished a building that, at a construction cost alone of over £300 a sq foot,



The model of flats planned for Kensington Palace Gardens, London

will have cost around three times the average for even prime central London space.

Goldstone hopes to have sold every apartment in the block before then. At one level that's a conviction based upon the standard of finish, security and privacy built into the scheme. Even the Crown Commissioners' existing gatehouses guarding the Kensington High Street and Baywater Road entrances to the Kensington Palace Gardens road are getting a facelift.

"They are a case of decayed grandeur at the moment," says Goldstone, and improvements reflect the Crown's intention to reverse the rather ad hoc standard of maintenance and redevelopments of properties in the road since the war.

The apartments are as near intruder-proof as any building can be. Inside, the separate staff quarters for each of the flats are on the ground and lower floors. Above that, anyone buying one of the 2,288 to 4,308 sq ft apartments before the construction work reaches their flat, will be able to choose interiors from one of five international designers as part of the price.

Regalian itself (01-493-9612) is preparing a display of models and plans to show these prospective buyers who manage to win through a discreet "could they afford it?" sifting process. Savills (01-730-0822), Prudential Property Services (01-262-5060) and Hamptons (01-493-8222) share the honours as sales agents.

Goldstone says: "There must be several hundred people in Britain who could afford to buy one of the apartments and when you look at the world listings of wealthy people, you've got to have \$100m at least to start getting a mention, so there is no shortage of really wealthy people who, if they wanted a unique London home, wouldn't need to think about the cost."

Bermondsey is markedly short of Royal neighbours. But since 1964, when Sir Terence Conran's consortium acquired the 17-acre Butlers' Wharf site, the development has been treated as an opportunity to create a sense of place. Butlers' Wharf lies on the south bank a few

hundred yards downriver of Tower Bridge. Yet, as Roger Fennemore, chief executive, says: "We don't think of ourselves as part of Docklands. The aim is to develop a distinctive mixture of fine modern and restored buildings with in a stylish and imaginative way."

That aim translates into a complete metropolitan village of residential, shop, workshop, restaurant, office, hotel and display space around Venetian-scale squares and riverside open space. The opening of Conran's Design Museum on site next year transferring, and greatly expanding the Boiler House displays within the Victoria & Albert Museum) provides an early focal point for what Fennemore hopes will become a South Bank equivalent of Covent Garden. Visitors as customers for the shops, workshops to supply them, apartments to house the craftspeople. "We want to have a place that attracts people excited by the idea of being part of a new community, where they will live and work, not a collection of flats where people go home to Surbiton at the weekends."

The size of the site and the extent of the private funding ensures that Butlers' Wharf has the space and resources to carry out what is, in effect, a complete designer new town. And if the scope of Conran Roche's masterplan has yet to be fully appreciated, at least joint residential agents Keith Cardale Groves (01-629-6604) and W A Ellis (01-581-7694) do now have the first releases of flats in the Butlers' Wharf warehouse buildings to show how effectively the design talk converts into riverside apartments.

A tour around the sales and information centre at 36 Shad Thames (01-378-0378) is a good starting point for anyone thinking of flat hunting. Even those who prefer the evidence of the map to the Conran team's view that Butlers' Wharf is sufficiently different to stand apart from Docklands can't mistake an attention to detail that has resulted in what must rate as among the best finished in their price range anywhere in London. Like Goldstone's approach to the Kensington Palace site, Conran is betting on quality.

LONDON PROPERTY

## GO QUAY WEST... BEST VALUE IN DOCKLANDS.



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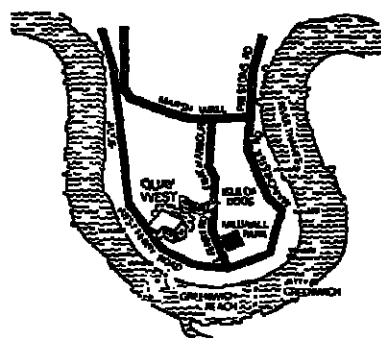
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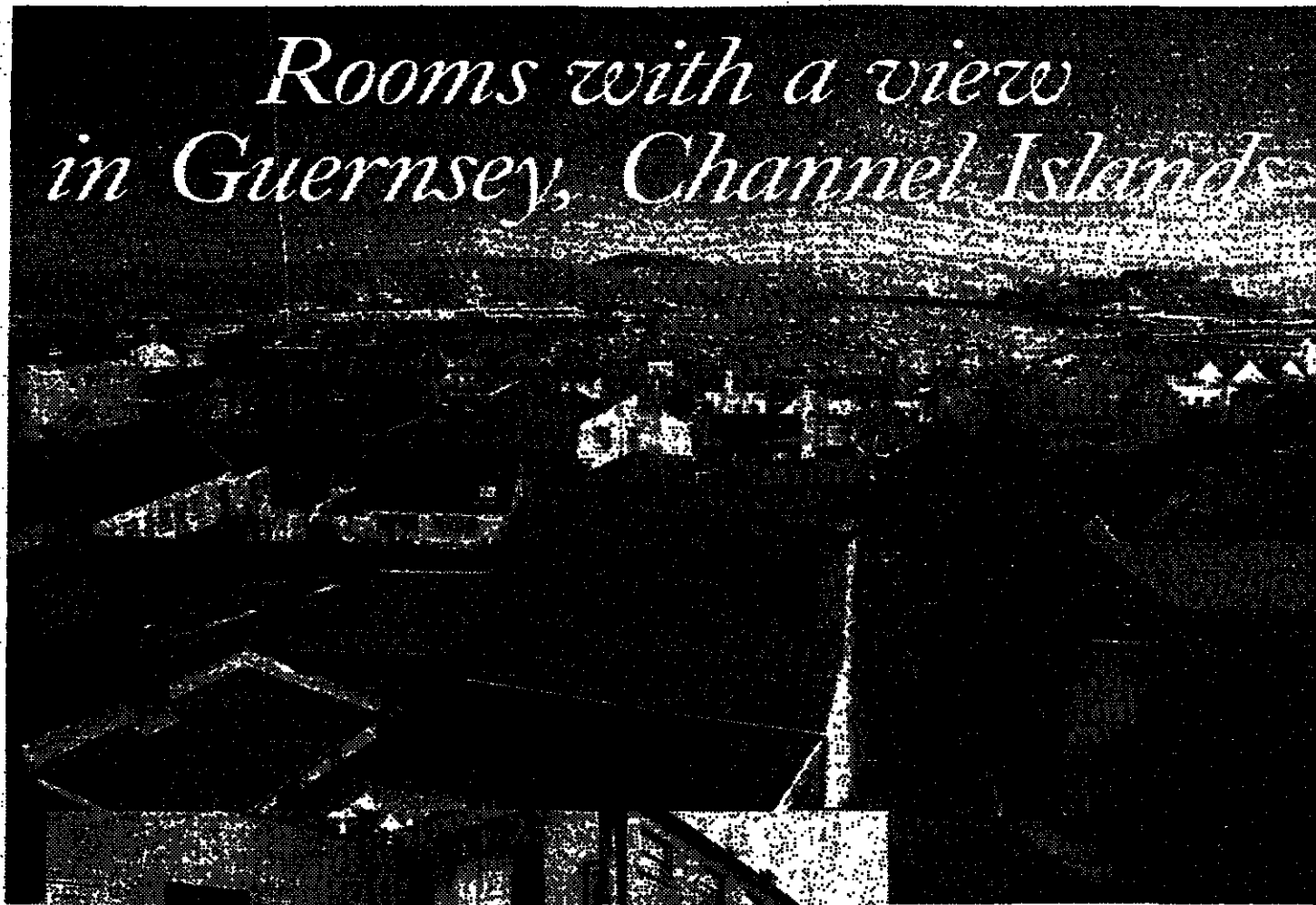
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A substantial family home in the heart of Barnsbury providing elegant spacious accommodation. 4 bedrooms and bathrooms, reception rooms, Garden. £397,000 Freehold

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COUNTRY PROPERTY

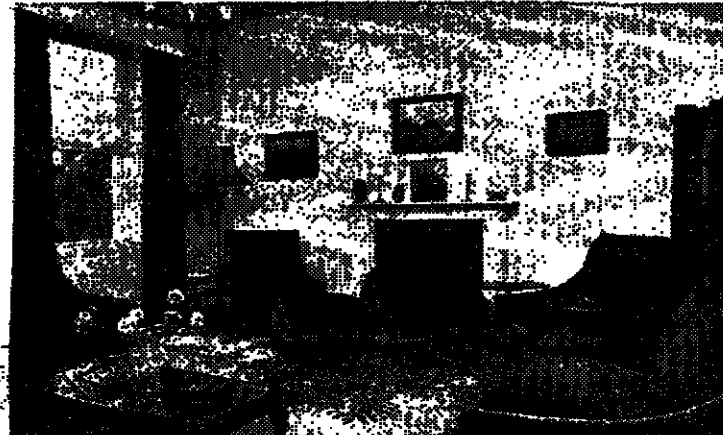
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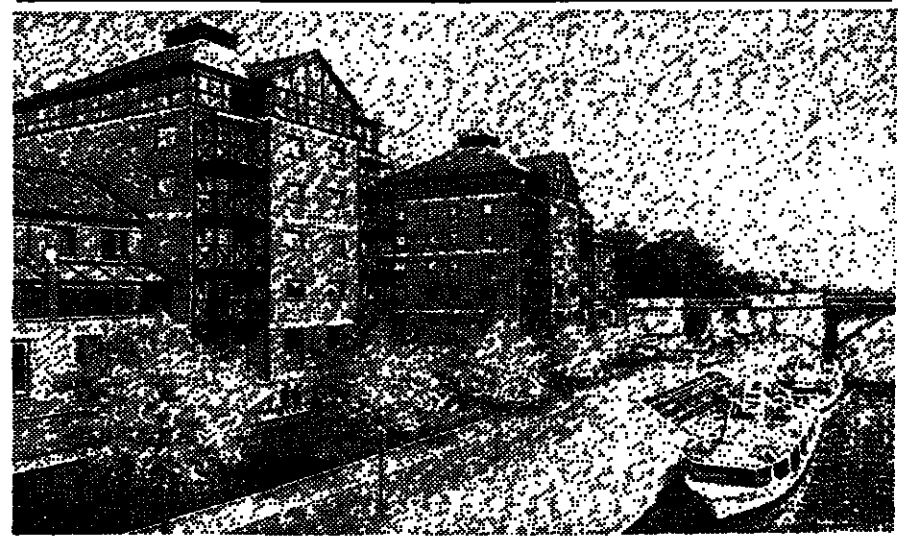
The advantages of island life are manifold — stable government; no capital gains tax, capital transfer tax or VAT; no death duties; no corporation tax; double taxation agreement with the U.K. and Jersey; low rates; under an hour by air to London, Paris or Amsterdam.



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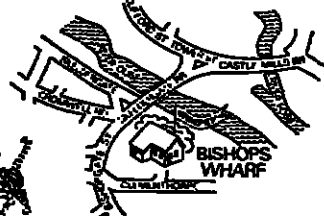


Bishop's Wharf has proved to be the most popular development in York. This is no surprise considering the exciting architectural style and its perfect location on the banks of the Ouse close by the city walls. York race course is five minutes away and the station is within walking distance with its two hour Intercity run to King's Cross. The first phase of these luxury

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Bishop's Wharf, York.

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Past the gates lies  
luxury beyond expectation.

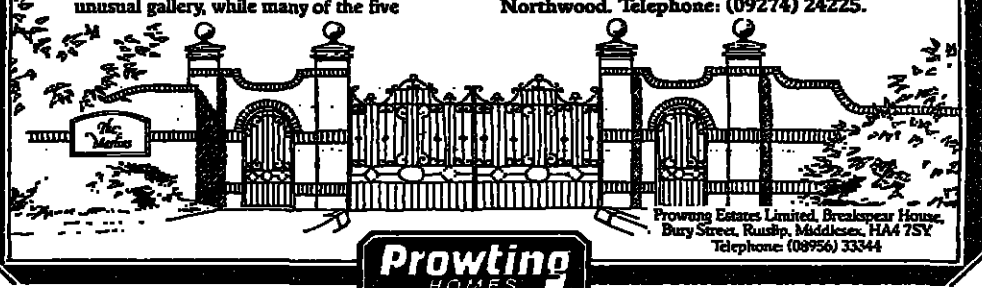
Beyond an electronically controlled, gated entrance... along a sweeping drive... past mature, broadleaf trees lie The Marlins; a collection of just seven exclusive secluded, detached residences.

bedroom residences have no less than three bathrooms and dining rooms with gracious bay windows. Luxury, in fact, beyond expectation.

Each house has a huge lounge, family room, study and the ultimate in modern kitchens featuring oak units, built-in oven, ceramic hob, microwave, integrated fridge and freezer, double glazing, security alarms, open fireplaces and double garages with electronically operated garage doors. The four bedroom houses feature an unusual gallery, while many of the five

Viewing at The Marlins is strictly by appointment only. For your invitation contact the local selling agent. Prices from £510,000.

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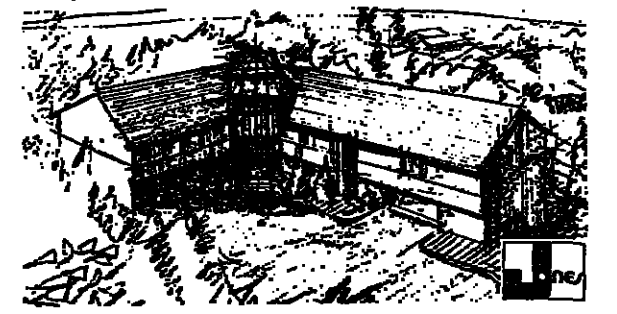
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Please contact: Angela Hollinghead

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Please contact: Mr Wilton-Smith

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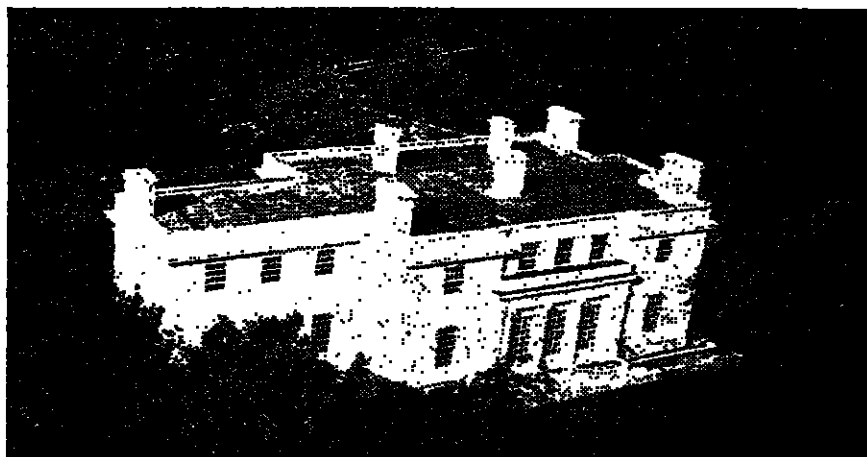
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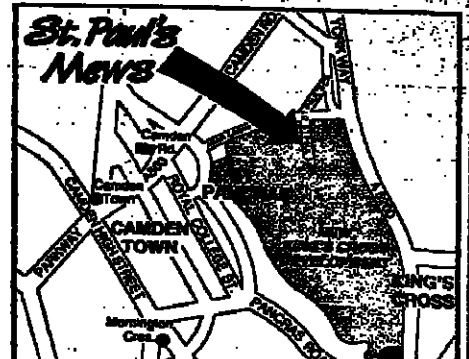
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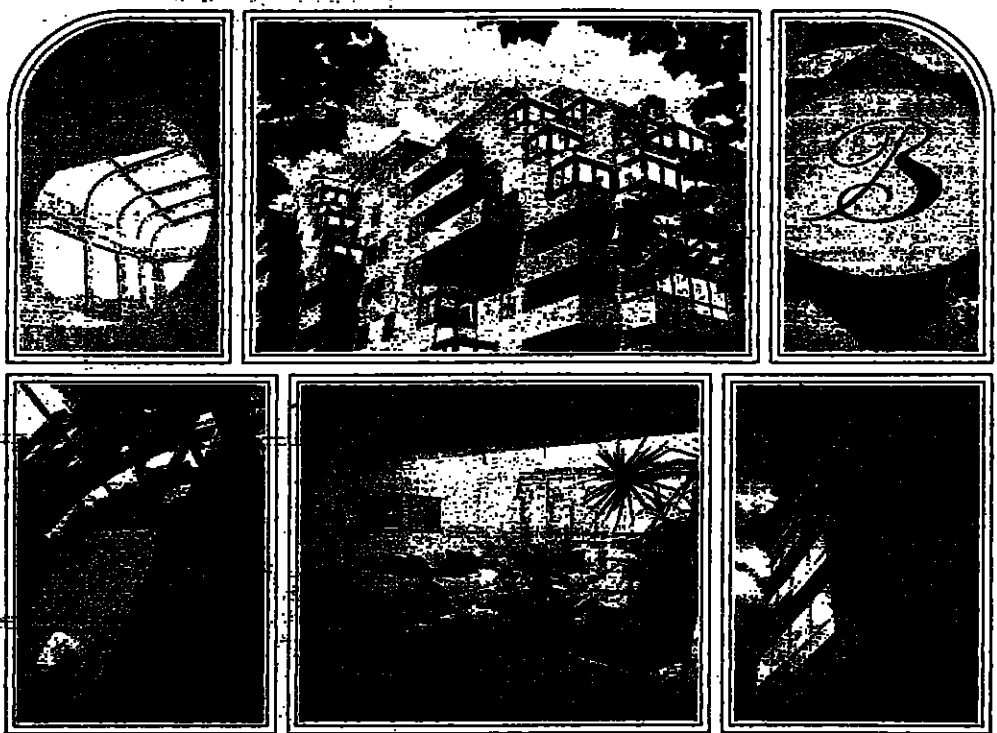




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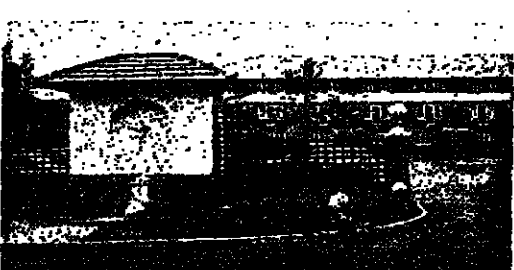
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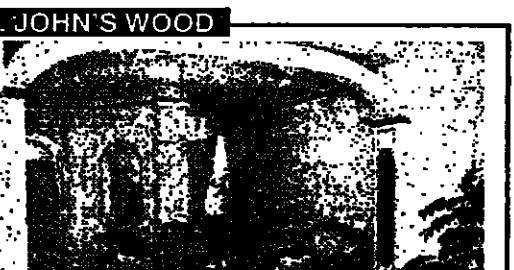
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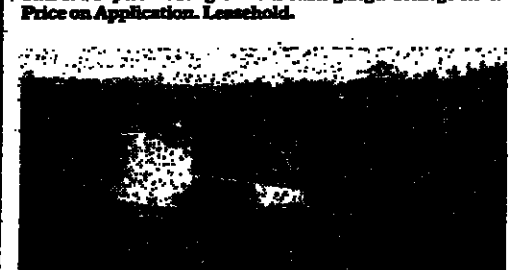
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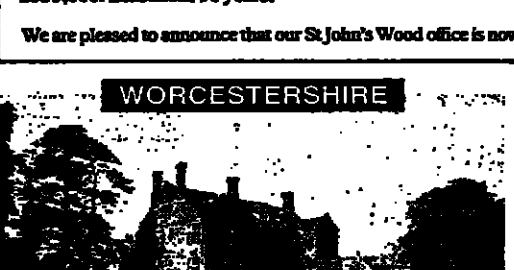
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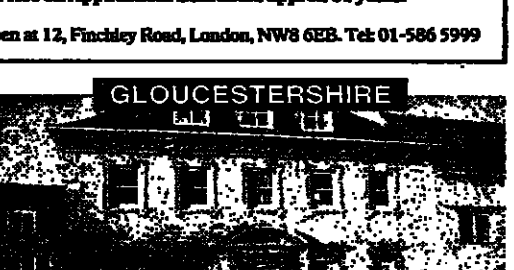
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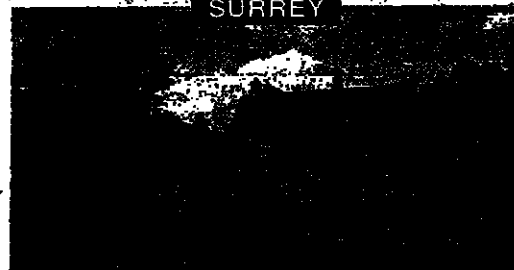
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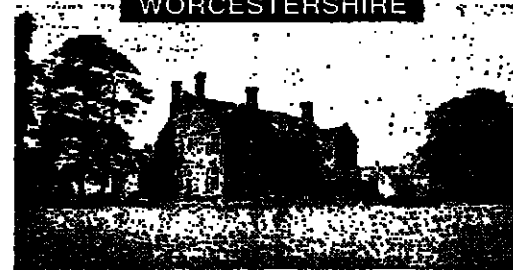
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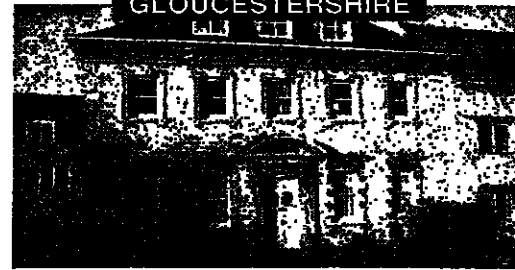
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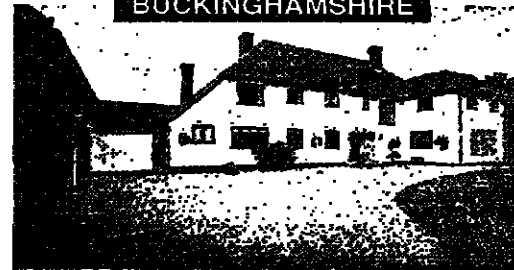
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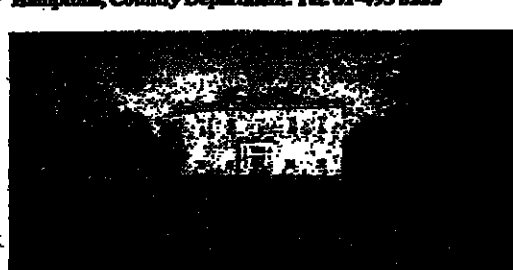
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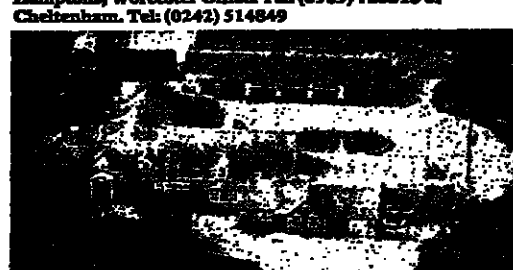
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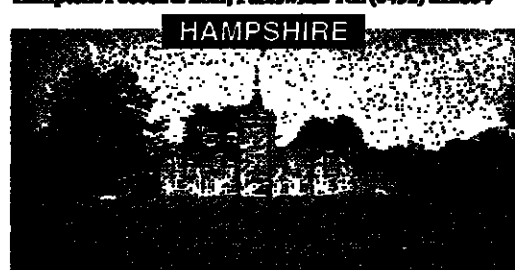
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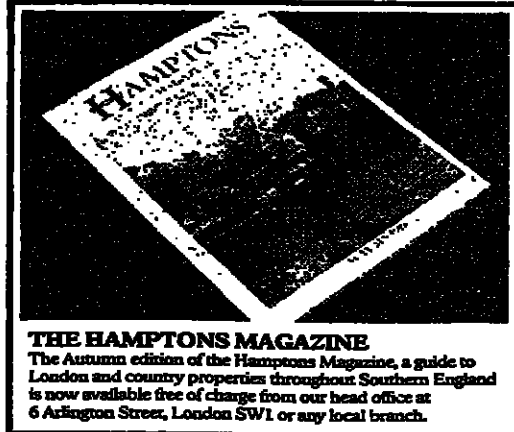
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GARDENING

# Neglected bedmates

Robin Lane Fox shows fidelity to one of the garden's long-lost causes: the wallflower

WEATHER PERMITTING, it will be wallflowers for me this weekend. Twenty years ago, they were not exactly fashionable. They took up time and space; they looked straggly; they were bedded out in blocks and gardening was the one area in life where people had some of bedding in the 1960s.

Perhaps we had short memories. All the while, wallflowers had a history, a particular charm and a much simpler use. Six hundred years ago, they were not the emblem of shy non-participants. They were the symbol of courtly love and had been the famous throughout Europe by a story of bedding which went badly wrong.

Up in Scotland, young Lady Elizabeth of Neidpath Castle found herself betrothed to a royal fiancé, son and heir of King Robert III. While the engagement dragged on, a third party slipped in beneath her window, Scott the wandering minstrel who sang her a sweet and mischievous song. She heard, she surrendered and to show her agreement, she pulled a sprig of wallflower from the castle's stonework and threw it down to show that this particular wallflower was willing to wall-hop and elope

on to the moor. On the appointed night, she started to panic, failed to secure her rope ladder and fell to her death. Young Scott's heart was broken and he wandered through Europe, singing songs of sad love and starting a fashion for wallflowers as the symbol of fidelity to a long-lost cause.

There are two views of what happened next. One is that young Scott roamed on to Australia where he finally found his niche on the telly and is about to make the wallflower next year's symbol of good neighbours. The other, which I prefer, is that the types of wallflower blossomed in Europe behind him and that this old family is much too charming for us all to ignore it because we do not think how to use it best.

It has taken me years to realise that wallflowers do not bed on their own. They are ideal companions for beds which are already occupied. Last year, we bedded blocks of wallflowers into our long Oxford college border in between the dormant herbaceous plants of summer and autumn. Their roots are shallow and take up little space. The plants flower better if they are not well fed; they make magnificent patches of

colour before the border's act begins and after flowering in May, it is tremendous fun to pull them up and throw them away.

Strictly, wallflowers should be planted into their flowering quarters by early October. As the border is still flowering, we wait another month, move them late and do not mind if a few of the plants are hit by frost. As they are filling gaps, their groups look better if they are irregular. They have quite changed my view of herbaceous borders. No longer do we need to sit and enthuse about the red flush of promise on the young leaves of peonies in spring. Wallflowers, planted in groups, light up the gaps and double the season. You can copy the idea in any flowerbed and buy some ready-grown plants for bedding now. They are not just fodder for a window box.

They also have such a wonderful scent. For once, modern seed-mixtures have not lost an old quality and even a mass of Persian Carpet wallflowers has a heavenly sweetness on a warm spring day. For border-bedding, not only at Neidpath Castle, blocks of single-coloured wallflowers are sweet and satisfactory when grown



from seed sown in early June. Avoid the hard yellow-orange and think of contrasting blood-red ones with the lovely whites.

There are also some old perennials which have lasted for centuries and are now becoming a cult. In odd spots, I like to have one or two of them and cut them back hard after spring flowering. Then they throw up dozens of young side-shoots, rooted cuttings of the future, and flower a second time in autumn. They like poor soil and a warm place, but we have been deterred by the best known, the old Harper Crewe, a double yellow which is not particularly appealing. For years, the names of other varieties were a lament for lost or forgotten flowers, but they

have started to return to the catalogues of smaller nurseries and I urge you to grow them for this particularly quality of scent. Be wary of the multi-coloured forms with names like Jacobs Jacket or "Mutabalis," (correctly I believe, the name of a tender wallflower from Madeira). The ones to try are the ever-flowering Bowles Mauve, a pale silvery-lilac called E.K. Elmhurst and the famous Old Blood Red. Ramparts Nurseries of Colchester, Essex lists them all, but the latter two are my special favourites. Only last week, they were still in their second flowering, showing flowers with that heavenly scent on the cold, clear air, long-lost, in its own way, but now available again to faithful gardeners.

# Scarlet berries before the holly arrives

IT HAS LONG been a puzzle to me why the seed of some of my cotoneasters germinates of its own accord all over the garden whereas other kinds never give me a single self-sown seedling. The most prolific of the lot is *franchetii* which is not a bad thing since it seems to be a naturally variable plant and scarcely any two seedlings are precisely alike.

All have long slender stems and scarlet fruits but the leaves, each about the size of a 5p piece, differ little in shape and in the precise difference between the glossy dark green upper surface and the greyer, more matt underside. Some arch out widely, others are more erect at least when young and a few produce vivid copper red leaf colour in the autumn despite the fact that they are evergreen. So I am always tempted to keep everything that turns up in the hope that it may prove to be an improvement on anything I already have. But clearly this is impractical so I retain just a few that look most promising.

I recommend *Cotoneaster franchetii* to all gardeners who have space for it or are prepared to replace plants as they begin to take up more space than can be spared. This is why they never seem to germinate of their own accord.

My experience with this cotoneaster is an example of just how difficult it can be to give precise descriptions and recommendations about plants which grow wild in very remote places in which they have never been studied closely and from which they have only been introduced. Among its companions are the old reliable *Cotoneaster microphyllus* with small dark-green leaves and holly-red berries and the very attractive variety of *C. horizontalis* which has silver-edged leaves and is called *Variegatus*.

*Cotoneaster horizontalis* itself is the highly distinctive kind known as the fishbone cotoneaster because of its extraordinarily regular and flat branch pattern. It is almost as free with its seedlings as *C.*

fructed so well for something like 30 years. Unfortunately, though dome-shaped and dense like the Highdown plants, the dome got ever higher and wider and eventually threatened to engulf the lawn so it had to go. I was sure I would find at least one seedling to replace it for it must, in its lifetime, have produced millions of berries, but there was not one.

I was pleased to find it last



Arthur Hellyer sings the praises of cotoneasters

week in our local garden centre labelled *Cotoneaster conspicuus decorus*, the name by which this good form has always been known in gardens though it does not appear to have any botanical validity.

I came away with one labelled *Cornus* solely on its appearance since the name was new to me. It was obviously a ground hugging. It was covered in berry and it seemed just right for a dry bank which used to be starved and densely shaded by an elm tree that died from Dutch elm disease. Among its companions are the old reliable *Cotoneaster microphyllus* with small dark-green leaves and holly-red berries and the very attractive variety of *C. horizontalis* which has silver-edged leaves and is called *Variegatus*.

*Cotoneaster horizontalis* itself is the highly distinctive kind known as the fishbone cotoneaster because of its extraordinarily regular and flat branch pattern. It is almost as free with its seedlings as *C.*

*franchetii* but I have never noticed any significant variation in them and certainly never one with variegated leaves. Yet it has a number of uses in the garden since it will spread itself against any firm surface with which it comes in contact. Plant it beside a man-hole and it will spread like a carpet right over the top, but unlike a carpet it will be rigid and so will make it very difficult to lift the man-hole cover. I wonder whether those who so often recommend *C. horizontalis* for this purpose have actually used it themselves.

Plant it against a wall or fence and it will fan out vertically and soon give a comprehensive cover without need for a single tie or any other support. But, as the years go by, it will spread forward layer upon layer and it is not too easy to restrain it by pruning without spoiling its natural beauty. I have it under two of my cottage windows and occasionally wish I had not put it there.

Some cotoneasters will, in time, grow into trees. The largest I can recollect seeing is at Coletton Fishacre, a splendid garden made in the 1920s in a Devonshire coombe not far from Brixham and now in National Trust care.

It is full of fine trees and shrubs, among them a *Cotoneaster walteri* which I estimate to be a full 20ft high and 40ft through. This name is used for hybrids between *C. frigidus* and other species; all of which make large plants mostly with quite big leaves that only drop a few at a time or in very cold winters so for practical purposes can be regarded as evergreens. Some of the best forms have been given distinguishing names such as *John Walter* and *Cornubia* with red berries and *Eschertensis* and *Rothschildensis* with yellow berries.

All these are for big gardens only, unless they are pruned as small trees each with a single trunk and a spreading head of branches. By contrast *Cotoneaster dumosus* is the baby of the family, little more than a foot high and not likely to spread far. It is a charming little shrub with small dark-green leaves and brilliant scarlet berries that can be planted with confidence in the smallest of patios.

## Fishing How to get knotted

I WAS extremely cross with myself recently because I had to undo all the knots joining my new fishing line to the equally new backing line. I could shed some of the responsibility onto the poor quality pictures I was using of Mr Allbright's knot. Hardy's Book of Fishermen's Knots put me right - and also put me into unaccustomed poor humour.

A busy life for the past 35 years has prevented me from fishing seriously - and fishing now is a serious business. My interest was rekindled last autumn when we were in the Dordogne. We were staying in a wonderful hotel on the banks of the Vézère. But if only I had brought a rod and line, what a peaceful holiday I might have had. It is perfectly respectable to sit all day on a river bank with a decent picnic and a book in the pocket - provided you are equipped to fish.

Visits to Lincoln's leading purveyors of fishing tackle

were needed to seek out the right kit. Steve, a genius in these matters, had in mind something around 10ft long; that would cover sea trout as well as the trout of Rutland Water and would serve also on larger rivers. A weight of 7 or 8, he suggested, would be right, with suitable reel and line to match. And ceramic rings so my casts would not wear them out too quickly. There was my wife to think of; Steve had the answer - a neat little job of 8½ft and weight 4 or 5, balanced with the right reel and line.

And I distinctly remembered my father's little brook rod; even allowing for youthful distortion, it could not have been more than 7ft. And what about

travelling? Perhaps the 7ft had better be a Hardy Smuggler which breaks down to six pieces, weight 5 and reel. I noticed some splendid two-handed fellows: they were very long indeed and suitable for salmon fishing in Scotland. Steve explained that 13ft 8in, weight 10, would be just the ticket. And what about a reel for it?

I have gone the whole hog - Hardy de luxe carbon fibre fly rods and Hardy reels. This is not for me, you understand, more in the way of a legacy for the grandchildren.

The confusion started when it came to the line: it used to be silk, treated for the prevailing conditions. But now - dry fly floating, wet fly sinking,

sink tip, combination floating/sinking fly lines in a variety of weights, tapers, lengths and colours. It has to match your rod, reel and fishing conditions and that means every rod must have a wet and dry line.

No problem with the backing line on the spool enough to add to the 25 metres of fly line to give the fish a run. Just knot it to the fly line. There are 29 knots in Hardy's useful little book with incredible names like Spider, Grinner, Spade End, Turlie and Allbright. The latter is for joining lines of unequal diameters.

You will have calculated that for four reels plus spare spools, backing lines, wet and dry fly lines, there are eight Allbright knots. These I made

with care; they were drawn up tightly with a lubrication of spittle as instructed and finished off with a coat of nail varnish. The fly line was then wound carefully on to the reel ready for the attachment of the leader.

I put the leading end through the loop the wrong way, as a result of which there are eight Allbrights, beautifully varnished and nesting well within their respective spools, which have to be remade.

I have plans to go fishing on the Derwent and Wye with friends. Unfortunately, they know a lot about the sport and so I need to put right things that are wrong. Before then, I think I will buy a small bottle of clear varnish. Our friends might have doubts about things if they saw my elegant Christian Dior Rose Antique-coated knots.

Bobby Robson

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# Diversions

## Chunnel borers race the clock

Christian Tyler inspects the digging at both ends and discovers that confidence seems intact despite delays threatening the 1993 deadline

"What matters it how far we go," his scaly friend replied. "There is another shore, you know, upon the other side." "The further off from England, the nearer is to France." "Then turn not pale, beloved small, but come and join the dance."

Leavis Carroll

STANDING in his gumboots at the bottom of the biggest hole in Europe, Gerard Vidal, the man in charge of the French end of the Channel tunnel, jerked his thumb over his shoulder. "England," he said. Water seeped through the putty-coloured chalk and lay in pools on the ground. Vidal splashed a few yards on and paused. "There seems to be a rule of nature which says the easier the geology, the more difficult the site - and vice-versa, of course."

drawing on the £5bn of sterling, franc and dollar credits it has with 209 banks. In that year, shareholders' cash has shifted a lot of muck on both sides of the world's busiest waterway. It is now almost inconceivable that the Channel tunnel, started and abandoned twice in the past 100 years, will not happen. Whether it happens by the advertised date of May 15, 1993, is another question.

law of nature was not idle speculation. So different are conditions and appearances on either side of the Channel that the innocent spectator might easily conclude that the British and French are engaged on different projects. The English have the easy digging (although wetter than expected) on an awkward, two-storey site at the Shakespeare Cliff, near Dover. Above, on the cliff-top, is the construction army's camp - still expanding to house the many migrant workers from all over the UK. A narrow shaft drops to the subterranean workings, but most of the equipment is still being ferried down a ramp cut through the cliff to the sea-

shore, and thence underground by rail and road. At the foot of the cliff, the men are working from a platform built out of the soil scooped from the tunnels below. The faster they go, the more space they make for themselves. Eventually, they will have added a 60-acre promontory to the bottom right-hand corner of Britain. Below ground, the chalk marl is perfect stuff for cutting. Well, almost perfect. There is more water than was predicted and the laser-guided, worm-like tunnelling machines have had to be modified. Because of the water, the seaward service tunnel (smaller than the twin train tunnels that will soon be started either side of it) is about 1.5 kilometres short of the 5km mark it should have hit on November 1.

prisoners. It's a race, and it's a race that puts money in their pockets. Tunnel miners working at the chalk-face (invisible, however, behind the borer) are earning between £500 and £700 a week, thanks to bonus schemes that Campbell and colleague Ken Bolton, of the building workers' union UCATT, keep under constant review with the site management. When everything is going to schedule, they could be pulling down £1,000 a week. As Campbell says, the French, while working from a much more comfortable site, are having a harder time of it. Behind the sand dunes peppered with Second World War pill-boxes, and behind the straggling village of Sangatte, is a hangar covering a 55-metre concrete-clad shaft, almost as broad as it is deep.

The French construction workers, mainly from the Calais region but including some from as far afield as north Africa, have been held back not only by water but by the collapse of a sub-contractor and late delivery of equipment. They have progressed only 450 metres through the grey chalk towards England. But the rate of going has improved and should double once they reach the blue chalk beyond. Vidal does not see the Euro-tunnel as a contest between

cial of the rival FO as a quasi-political attempt to reinforce its case for recognition. There was also a two-day stoppage over working conditions.

Georges Laporte, the FO official, said he was very unhappy with the bonus scheme and the money the workers have forfeited. The French unions are in negotiation now for a 2-3 per cent pay rise and changes to the scheme that they do not apparently expect to get. However, he admitted that relations with the management were not too bad. Was there any danger of serious labour unrest? "There is always a danger that's in the hands of the management. But the position of the FO is that a strike is the last resort."

It might come as a surprise to those who remember the big construction projects of the 1970s to hear that labour relations at Shakespeare Cliff are exceptionally good. Union officials use words like "excellent" and "superb." Bob Blackman, construction officer of the TGWU, says: "Because it's the Channel tunnel, it's like working in a goldfish bowl. Obviously, everyone was interested in making sure that things were ironed out at an early stage."

If there is a weak link in the Chunnel project it is miles away from the site itself, at the Isle of Grain in north Kent. There, Transmanche Link (effectively, Taylor Woodrow in this case) fabricates the concrete sections for lining the tunnels. Labour relations at the Isle of Grain started badly

and have not improved much since, according to union leaders. Some say it is because Taylor Woodrow is hard-nosed even by the standards of civil engineering contractors, others that building site conditions are being applied to what is essentially a factory. Some blame personality clashes. "To put it bluntly," said one shop steward, "both sides need a good kick up the arse."

It is no accident that TML is estimated to have something like 14km-worth of concrete sections stockpiled around the south of England. Eurotunnel admits to three months' worth on the main site.

If the tunnel-borers are working still at a small's pace of one metre an hour, well below capacity, public interest in the project is certainly accelerating. Eurotunnel admits media-snoopers to the site once a month. Last week's party included a fresh-faced reporter from the Soviet news agency, TASS, and a film crew from Ted Turner's TV network in the US. The advance guard of the British TV show *Jim'll Fix It* was also there. It was working out how a girl, her mother and her grandmother, a lighting man, sound man, director and clipboard-carrier could all be fitted into the cab of a tunnelling machine.

Across the water, things are less formal. Almost daily, Vidal is escorting reporters from one corner of Europe or another. For a man whose last job was supervising the construction of a nuclear power station, the attention of press, politicians and public holds no terrors. If he is worried that the English are backing themselves to win the race, he does not show it. His main complaint is that his golf swing has gone to pot.



Underground at the English end of the Chunnel, where unexpected wetness has been a problem

## Exploiting English

IS THE English language a great and powerful force for good that should be spoken throughout the world? Has it a better chance of becoming the really universal language than has Basic English, Esperanto or any other invented tool of communication? Is Anthony Burgess, novelist, linguist, polymath, right to assert that his patriotism is to English, not to England?

The BBC and the British Council reminded us recently how valuable a national asset the English language is and how effective they are as exporters of it. (The BBC's World Service broadcasts more than 72 hours a week of English by Radio, teaching programmes which are rebroadcast by 300 radio stations in 90 countries. Each year, the British Council helps a quarter of a million students around the world to learn English.) The BBC World Service organised a seminar on English: A Language for the World for 50 language experts from the academic world, commerce, diplomacy and publishing, and Richard Francis, director-general of the British Council, published the text of a lecture on 1992 *And All That - The Currency of English*.

There is no doubt that English is now a world language and little doubt, except among the French, that it is the world language. Francis reports: "By best estimates, over 300 million speak English as a mother tongue. Another 300 million use it regularly as a second language. A further 100 million speak it fluently as a foreign language. 700 million in all... and double what it was 40 years ago at the end of the war."

transport and telecommunications. As the Duke of Edinburgh put it when he opened the seminar: "It really is too late to suggest that it might not be the most appropriate language, or that it is awkward to pronounce and its spelling is irrational."

In spite of its drawbacks and of the differences between British-English and American-English, it works. Robert Horton, managing director of BP and chairman of BP America, did not claim for it any moral superiority over any other language. It prevailed and grew.

**James Bredin discusses its virtues as a world language**

he told the seminar, because of its utility. "When Korean executives do a deal with Italian businessmen in Bangkok, they use English" and "When a German pilot lands his plane in Istanbul, he talks to the control tower in English."

English was a world language because of "the sheer size of business created and run first by Britain and then by America" and because "30 per cent of the world's information stored in computers uses English as its medium of exchange."

Tim Eggar, Under-Secretary of State at the Foreign and Commonwealth Office, saw English as the language of negotiation in an age of multi-lateral diplomacy. He pictured the British as "skilled conciliators, honest brokers, natural diplomatic middlemen" and added: "This is much to our advantage. The player who is also an acknowledged broker, the deputised drafter who also has a stake in the outcome of the draft, is well placed to ensure that his own interests are safeguarded. There are dangers, of course,

as well as advantages in all this. The language of diplomacy, for example, does not always work to the advantage of the language. Sir Anthony Parsons, former UK Permanent Representative to the UN, warned the seminar that English as spoken there is not the language of Shakespeare and of Milton but a pedantic dilution because its vocabulary is reduced too often to the words of the UN Charter. "At the UN, you don't decide, you recommend," said Parsons. "You don't order or demand, you call upon. There have been 150 wars since 1945 but you call them breaches of the peace."

It is inexcusable of us to rely solely on English as our means of communication. Since so many of us do, a growing number of people around the world resent "the imperialism of language" - to quote Kenyan novelist Ngugi Wa Thiong'o. He told the seminar, politely, that English was resented by many because it had replaced their mother tongue. He proposed that Swahili be adopted as an international language. It was, he said, a language that had never been imposed on anyone and "it was not built on the graves of any other language."

It is very easy to ignore the language now spoken by more people than any other. We should recognise, as does Richard Francis, the strength of Chinese as a potential universal language. It is spoken by more than 1,000m people, and when China, as it will, breaks out of its self-imposed isolation, Chinese and English will be the two languages of the Pacific Rim.

The move, now beginning, of the centre of world power from the First World to the Pacific Rim changes Britain's perspective. As Francis put it: "Britain's real black gold is not North Sea oil but the English language... The challenge facing us is to exploit it to the full."

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TRAVEL

# Make mine a dry vermouthe and iceberg

William Glenton goes cruising around Alaska's glaciers

HERE WAS hardly any risk that our cruise would run short of the ice that our mainly American passengers insisted on for their drinks. Every ice machine aboard was working flat out to satisfy their craving, but even they gasped in awe at the amount on offer as we headed further north into a far from baked Alaska.

With unerring seamanship our Norwegian captain, Kai Julsen, manoeuvred the 25,000-ton Cunard liner, Sagafjord, to within her own length of the mightiest tidewater glacier in Alaska, and for nearly an hour we lay as close to the 300 ft, miles-wide Hubbard Glacier as any big passenger ship has got to a mountain of solid ice since that unfortunate encounter between the Titanic and an iceberg.



Close encounters with icebergs - speciality of the Cunard liner Sagafjord

The sound of tinkling ice in long glasses was drowned by the roar of massive chunks "calving" from Hubbard and floating away like small icebergs just yards from our bows. The brilliance of the blue and white glacier dazzled - although the sun hid behind the mist and low clouds shrouded Alaska's mountainous coast.

This was certainly the highlight of our ten-day voyage from Vancouver to Anchorage, though we had a similar breathtaking, ship's-length call at the equally impressive Columbia Glacier, plus half a day spent sailing around the mighty tude of ice rivers flowing into College Bay.

Passengers with an insatiable lust for glaciers further satisfied it on helicopter and float-plane excursions near our nine ports of call. Sea and sky offered the mission in wide-eyed wonder, yet their surprise barely matched that of the large colony of sea lions when, with still more remarkable navigation, Capt Julsen slowly edged the towering ship to within 200 ft of the colony as

it lay on wave-lashed rocks at the base of pinnacled Chiswell Island. They roared their astonishment loud enough to drown out the rapid-fire clicking of hundreds of cameras and gasps of nervous surprise from passengers who could not have got much closer to sea lions at a circus. It was an adventure, one of several, that few among the 550 passengers, largely elderly and wealthy, had anticipated on what was ostensibly a routine luxury cruise.

The Sagafjord certainly rates a five-star accolade, with far fewer passengers and a bigger proportion of stewards for them than on most ships of her size. One could call her one of the last of the grand, traditional-style vessels with her roomy cabins (mostly with private bath), stately lounges and a restaurant that seats everyone at one sitting. Needless to say, the meals are large and endless. It is not a cruise for weight watchers.

The constant supply of fresh fruit in one's cabin was an added reason why many aboard resorted to the gym, sauna and health club or took part in the aerobics classes. Two pools, indoor and on deck, tempted few, however, even though they were heated - necessary in this north-east corner of the Pacific where temperatures hardly get above the mid-60's.

This at least pleased the many Americans who took the cruise to escape the burning heat in much of the US, even if the 14 Britons aboard would have welcomed it being a touch hotter. But what the voyage lacked in sunbathing opportunities it more than made up for in wildlife entertainment - the human variety included.

We gaped at humpback whales spouting; were entranced by schools of porpoise and dolphin playing; scanned the forested mountainsides for traces of black and

brown bears; strained our eyes to spot mountain goats on rocky crags and lined the sides to watch bald-headed eagles and puffins.

The organised rafting trip seemed great fun, though we began getting cold feet when we received stern instructions on how to float should we get thrown overboard from our puny-looking rubber craft. Forty minutes later our feet and legs were emphatically frozen after being swamped several times on a madly swirling and plunging whitewater river rushing between large rocks.

At least it gave us a greater feel for the sufferings of those old Klondikers whose epic struggle to cross the mountains and rivers to the Yukon played a major part in our excursions ashore to the little panhandle ports they used as bases. Few of the tens of thousands may have struck gold, but they laid the foundations for the shopkeepers and bar owners of places like Ketchikan, Juneau and Valdez to hit

it rich today. In Skagway, the busiest gold-rush jumping off point of them all, virtually the whole 900 population lives off memories and souvenirs. Harsh reality only becomes evident outside the town. The Chilkoot or "Poor Man's" Trail, along which the Klondikers had to struggle, is now a unique attraction. Officially recognised as a US national landmark, it is called "The Longest Museum in the World," with the debris of stoves, rusting pans and discarded boots preserved as its exhibits.

It says much for the Sagafjord and the manner in which she has retained her old-style cruising dignity that life aboard will probably remain in the memory as much as the fine scenery, wildlife, ports of call, glaciers and all.

White-gloved waiters, tea dancing, bridge sessions, classical concerts, shuffleboards - yes, bingo, too - may seem *deja vu* to many, but it felt exactly right to us cruising

through an ageless land. And there was always the cinema, a small casino with slots and blackjack, or variety shows.

A virtue of the ship has above all the others that cruise Alaska waters in summer is that she visits more ports and more glaciers more closely than the rest. I do not know any others, either, where you get served natural ice in your drinks.

Sagafjord will be repeating her Alaskan cruises in 1989. This year fares, including return flight from London plus a one-night hotel stay in Vancouver or Anchorage, depending on whether you cruised north or south, ranged from £1,795 to £2,375.

A two-berth cabin with private bath (outside) was in the region of £2,400. The south-bound cruises cost a little less since they take nine, not ten, days. Overall, with flight and shore stay, the inclusive deals last 12 and 13 days. Enquiries to Cunard at Carute Road, Southampton, SO9 1ZA. (Reservations: Tel: 0703-634166).

Stapleford Park, the luxury pile near Melton Mowbray, Leicestershire, on which British-based US restaurateur Bob Payton has spent millions to grand effect, is staging what it promises will be memorable extravaganzas at Christmas and New Year.

Stapleford Park is a country house hotel and sporting estate, and signals how entrepreneurs like Payton and his wife Wendy are causing a revolution in standards of British country house hospitality.

What they go in for is unshamed luxury, with prices to match. Their Christmas party runs for five days, starting December 23, and has a huntin', shootin' flavour, including all meals and a chance to follow the

BRIEFING

## Safari boom goes on

THE GREAT safari bonanza continues, with tour operators expanding their brochures and reporting record levels of business. For example, Africa Bound, the holiday wing of Zambia Airways, which is the major safari operator to Zambia and its neighbours, this week launched its most extensive programme of tours to date.

Formed three years ago it expects to handle 1,500 UK travellers next year, some of whom will no doubt opt for Botswana's Okavango Delta, an oasis of wildlife in the Kalahari desert.

There are two suggested Okavango tours of 15 days duration. The first includes the Victoria Falls, Okavango and Chobe national park; the second, Okavango plus Zambia's finest game reserve, the Luangwa Valley. Prices start at £1,853 and £1,890 respectively. Mauritius appears to be destinations in its own right, with a special offer of a week's free accommodation on holidays purchased between next April 1 and July 31. Mauritius is also paired with Zambia for 20-day beach-safari holidays.

Africa Bound operates year round. The cheapest safari price is £1,233 for a 10-day tour of Zambia and the Victoria Falls. Prices include scheduled flights from Heathrow on Zambia Airways' DC10's, and full board on all safaris. Details: Tel: 01-493-4388.

Stapleford Park, the luxury pile near Melton Mowbray, Leicestershire, on which British-based US restaurateur Bob Payton has spent millions to grand effect, is staging what it promises will be memorable extravaganzas at Christmas and New Year.

Stapleford Park is a country house hotel and sporting estate, and signals how entrepreneurs like Payton and his wife Wendy are causing a revolution in standards of British country house hospitality.

What they go in for is unshamed luxury, with prices to match. Their Christmas party runs for five days, starting December 23, and has a huntin', shootin' flavour, including all meals and a chance to follow the

Cottesmore, Quorn or Belvoir fox hunts on Boxing Day, should you be inclined. Prices range from £575 per person in a deluxe room (double occupancy, the single rate is £775) to £1,122.50 per person in the Nina Campbell suite.

Prices for the two- or three-night New Year package range from £275 to £285 per person. (Tel: 057-264-832).



Other excellent Christmas and New Year breaks are offered by the 30 country house hotels and London town houses that package themselves under the Pride of Britain banner. They include Stone Easton Park at Cheltenham Mendip, Bath (prices from £190 per person per day), and Thornbury Castle at Thornbury, Bristol (prices from £78 for four nights and five days starting Christmas Eve). Details from Pride of Britain, Tel: 026476-444.

There is no end in view to the boom times in golf and tennis, as witnessed by the Boca Raton Hotel and Club's purchase of the adjacent Boca Golf and Tennis Country Club, which caps a four-year, \$40m improvement programme at this famous resort on Florida's south-eastern coast.

The hotel and club now runs to 1,400 guest rooms, nine restaurants, two golf courses, 29 tennis courts, four swimming pools and half a

mile of private beach, etc. Details: Tel: (407) 395-5000.

The long-haul winter sun market is becoming cheaper by the day as the majors scramble for custom. Knott, for example, has just produced a new Limited Editions programme which includes a week in Cairo in January or February for £189 (£296 for Luxor); a week in Gambia for £299, two weeks in Acapulco or Mombasa for £299, or two weeks in the Maldives for \$248.

The Maldives? Yes, indeed. According to Knott's Sarah Lamb: "Everything's back to normal. We had 255 people there when the attempted coup was staged, but half of them didn't realise that anything was amiss. The other half simply turned into the BBC. We sent a charter there last Sunday with 190 aboard. Most of the islands are tiny. There's no nightlife or gourmet dining. They are strictly for water sports and sun worshiping." Details: Tel: 0306-740888.

Sol Holidays, which describes itself as Britain's leading independent and fastest-growing tour operator, has become the first company to guarantee no surcharges this winter, following its existing no-surcharge guarantee for next summer. The period covered runs to October 31, 1989.

Interestingly, Sol claims that of 120,000 people who holidayed with it this past summer, less than 1 per cent made any complaint - apparently a quarter of the industry's overall complaint rate in a season marked by airport misery for most of us.

One reason is that Sol takes an aggressive stand with shoddy suppliers. According to chief executive Keith St Clair: "We will always take drastic action if hotels or apartment complexes do not come up to scratch. Overseas suppliers will simply get the chop. Last year, for example, we dropped 25 properties from the Sunshine Book."

Michael Thompson-Noel

# Essence of north Italian style

Roger Beard visits Donizetti's home town, Bergamo

THE SCROLLING neon sign opposite platform 15 at Milan's main railway station reads successively: Verdi, Mussolini, Hitler, Alessandro Manzoni, Donizetti. Such are the mixed priorities of the waxworks museum it advertises.

Hitler got in on the act as a monster, Verdi as Italy's patron saint, Manzoni as a pious and Mussolini as the man who made the trains run on time. Donizetti is more obvious: he is a local. To reach his birth-place you take the local train from that same platform to Bergamo.

One hour and 56 kilometres later, north east towards Lake Iseo, the foothills of the Alps make an abrupt meeting with the Po plain after a seemingly dull journey across flat, vast fields, interrupted by the occasional tall spire and isolated farm-house. Country like this made the Lombards the meanest fighters and the tightest traders in Europe.

But when the train pulls in at Bergamo, the contrast is total. The hills meet just a short way from the railway station, and your eye is drawn past the elegant 19th century lower town to the mediaeval Citta Alta, perched 300 ft up on the crags, looking out over the Po plain.

If you had to choose just one town to epitomise north Italian elegance, history and style, this would be Bergamo. It is the centre of the Etruscan and Romans to the Goths, Huns, and Vandals, Lombards and Franks, to the arrival of the Emperor Barbarossa.

After two centuries of Guelph and Ghibelline feuding, it fell to the Venetians, and their stamp remained firmly on the town today. Upper Bergamo's public buildings, squares, fountains, and streets reflect 300 years of Venetian influence, until toppled by Napoleon. You reach the upper city by bus or funicular. Only the very fit walk the 45 minutes to the top, and the

fairly fit the 30 minutes down again. Whichever you choose, the reward is an astonishing architectural mix.

Medieval and baroque, hovel and palace, chapel and cathedral, the buildings come thick and fast as you climb the final hill to the great church of Santa Maria Maggiore. When you finally stand at the entrance to the Piazza del Duomo, you are confronted by the most distinct architectural styles. To your left is the cathedral of San Vincenzo, hidden behind a bland 1880 facade, ahead the ornate 14th century portico of Santa Maria, and slightly to your right the late 15th century Colleoni Chapel.

The last owes everything to imperial Venice, and nothing to its native Lombardy - all white and red filligree, with only the Lion of St Mark needed to put it firmly in its place. The Venetians built to dominate, and true to form the Colleoni Chapel was erected in front of and totally occludes the far older basilica behind it.

San Vincenzo disappoints, except on feast days when Bergamo bans road traffic up to the Citta Alta, and the High Altar is flanked by the bishop and flanked by the full weight of the clergy - a reminder of the city's extremely holy history, and the monastic and collegiate settlements which still surround it.

Twenty yards away at the same time and on the same day, in a church to which the Duomo could not hold even the cheapest candle, the priest at Santa Maria Maggiore offers a far simpler service, with little lace and no cumberbunds and several lay attendants.

Which brings us back to Platform 15 at Milan Railway Station, the waxworks, and town today. Upper Bergamo's public buildings, squares, fountains, and streets reflect 300 years of Venetian influence, until toppled by Napoleon. You reach the upper city by bus or funicular. Only the very fit walk the 45 minutes to the top, and the

They established a brief Republic here in 1226, eventually shook off the yolk of Venice in 1797, and played havoc with Mussolini during the Second World War.

In the Piazza Vittorio Veneto, in the lower town, your stroll is suddenly interrupted by a life-sized bronze of a young woman bending towards the lacerated body of a near-naked man hanging from a beam by his feet. The effect is chilling, and that is its intention. This Monument to the Partisan by Giacomo Manzoni is worth a place in a cathedral. The Bergamaschi chose instead to place it in full view, in a place they and their tourist guests pass through every day.

Few of the Red and Green partisans would have condoned the piety of the Citta Alta when Bergamo became the centre of the Italian resistance in 1943. They were a little too busy to pray. What they would have shared, though, is the reverence - bordering on idolatry - that the city accords its favourite son, Gaetano Donizetti.

Born here just after one revolution in 1797, Donizetti died during another, the great European turmoil of 1848. For all factions, the composer of *Anna Bolena* and *Don Pasquale* is put several notches above Verdi, and within touching distance of the major saints.

The great man has his own municipal opera house, late 19th century but closely modelled on La Scala, and dedicated to him, a museum of his artifacts, and a statue made by the same Calabrian responsible for the Bellini monument in Catania. And there is that waxwork opposite platform 15 in Milan.

Better still, one of the greatest satisfactions to the Bergamaschi, are the statues of the Italian composers in the foyer at La Scala itself. Verdi is there, Bellini is there, Donizetti is there, Rossini is there, but Puccini is missing. Frozen out, perhaps?

"YOU ARE at your own risk," warned the sign at the Gia Teinga caves when we slithered in on hands and knees. In the inner chambers hundreds of tiny horseshoe bats flew and swooped incessantly. They live on the insects who feed on their fertile guano, and are in turn preyed upon by the cave-racer snake. "Harmless to humans," hissed our guide as his torch illuminated five feet of elegantly-coiled serpent, assuring us that we form no part of this perfect ecological chain.

The caves are one of many natural wonders to be found in the jungles of Malaysia. Tropical rain forest, estimated to be 130m years old, covers two-thirds of the country, a large part of which has been set aside as the Taman Negara national park. It is situated in the centre of Malaysia, about seven hours from Kuala Lumpur, and is a place where the urban dweller can find exotic adventure, canoe up rivers, raft rapids, swim in waterfalls,

## Wildside Jungle caves of Malaysia

spend nights in hides and walk numerous jungle trails - activities guaranteed to keep one sleek enough to slide into those bat caves.

The call of the wild starts as one leaves Kuala Lumpur's modern metropolis. After a four-hour drive, which the park arranges, we take to the river for a three-hour boat journey in small motorised canoes. The Sungai Tembeling river is canopied with rich vegetation where kingfishers swoop and an occasional giant monitor lizard slides out into the water, striking a suitably reptilian pose for our cameras.

Orang Asli, the indigenous tribespeople still living a tradi-

colonies of ants and millipedes tent underfoot. Once you have acclimatised, you are ready for your trip to the bat caves. Later, there is the extraordinary night to enjoy, when serenity gives way to cacophony. In our elevated jungle hide we enjoyed our vigil, though our eyes, used to neon lights rather than to first-glass darkness, were at first as blind as those of the little bats.

However, a flashlight revealed a timorous mouse-deer on spindly legs with hooves like high-heeled shoes, its huge eyes blinking. A civet cat appeared stealthily, eyes glittering like jewels. Gecko lizards chirped above our beds, dutifully devouring the mosquitoes that would otherwise be devouring us.

Among operators, Hayes & Jarvis organised a seven-day jungle safari to Taman Negara, including two days in Kuala Lumpur, from \$599. Details: Tel: 01-245 1051.

Denise Heywood

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NOTICE IS HEREBY GIVEN that the Liquidator of the above-named Company intends within four months from 1st December 1988, to declare a first and final dividend to the Creditors of the said Company, and that any such Creditor desiring to participate in such dividend must do so on or before the date set in his full name and address and full particulars of his debt or claim in the undersigned Witness Michael Thomas Powell of 1 Puddle Dock, Blackheath, London, EC4V 3DF (Ref. 0123), the Liquidator of the said Company.

Dated the 28th day of October 1988

M.T.P., Fostel, Liquidator

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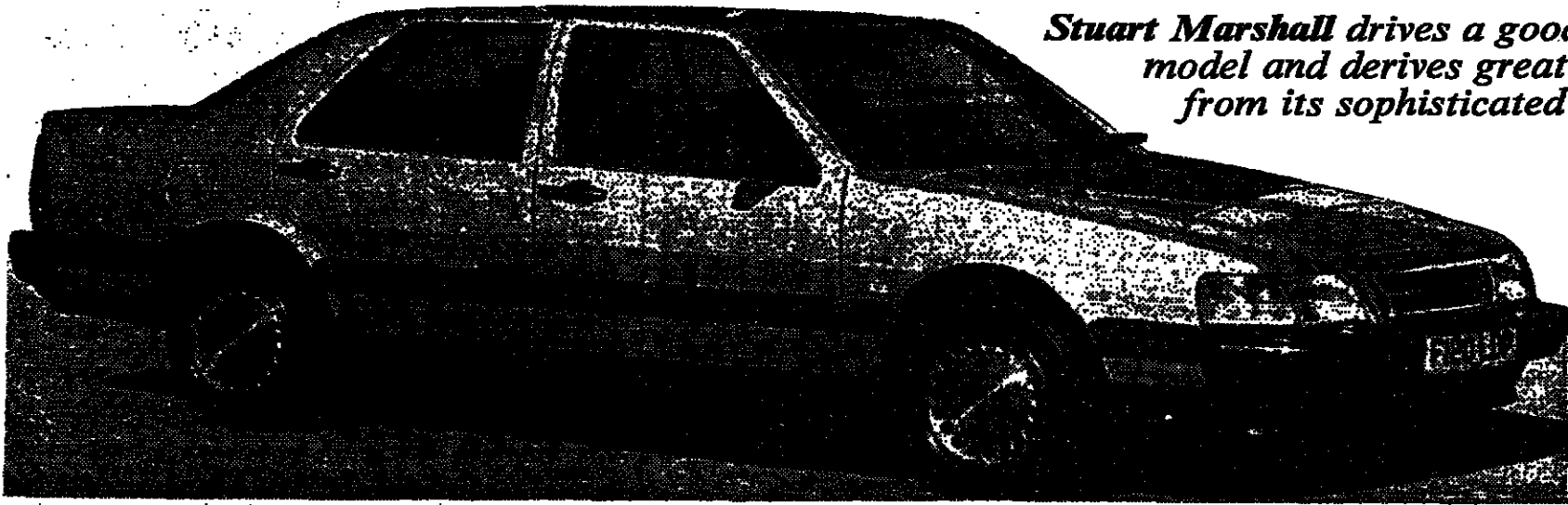
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MOTORING

Manners make this Saab just super

Stuart Marshall drives a good-looking Swedish model and derives great satisfaction from its sophisticated responses



But what is Saab to do? It makes fewer than 150,000 cars a year and it would be unreal to expect it to fund the development of a brand-new V6...

However, the turbo-charged, inter-cooled two-litre six easily in Saab's latest sporting 9000 hatchback, the 147 mph (236 kmh) limited edition Carillon, because customer expectations are different...

When I drove a few laps of the Jerez racing circuit in a Carillon, it felt like a Porsche 944 Turbo with lots more room inside. The 200 that Saab Great Britain has planned to market should find ready buyers at £24,995.

THERE are, I suppose, broadly two kinds of drivers of executive cars in the £15,000 and over price range. One could be cast as "above the transmission selector in drive and let's see what's on the radio" character. The other is a driver (mostly, although not always, male) who enjoys thoroughly the physical aspects of getting the best out of a responsive motor vehicle.



Man and machine: Eric Carlsson with Saab's sporty hatchback

The new Saab 9000CDi I tried in Spain last week would probably disappoint the former and appeal very strongly to the latter.

It is a fine-looking four-door saloon, efficient aerodynamically without going over the top about it, and roomy enough to hold four or five people and their luggage in comfort. It has front-wheel drive, independent front and light-weight, coil spring, beam axle rear suspension; disc brakes all round; and the kind of build quality that makes you think it must have been carved from the solid metal.

because the 9000CDi's two-litre, 16-valve, four-cylinder engine puts out 135 horsepower. This is adequate, but no more, for a 1.5-tonne motor car. And maximum torque is developed (in other words, the engine pulls hardest) at a fairly high 3,750 rpm.

9000CDi, the engine has to be kept spinning moderately fast. On a long but not very steep incline, you could need fourth. On the wiggly, appealingly-surfaced and almost deserted minor roads south of Seville, second and third were in constant use. Only on a nice stretch of dual carriageway did

the 25 mph (40 kmh) per 1,000 rpm fifth feel the right gear to be in.

At 4,000 rpm and above, often seen in the lower gears, you are never in doubt that the Saab's fairly small capacity engine is working hard. But cruising on a motorway at a shade below 3,500 rpm (around 80 mph/130 kmh), under-bonnet noise is nothing to worry about and certainly does not interfere with conversation or radio listening.

Having got that out of the way, I have to say the Saab is a super car to drive. Pure enjoyment, really, for the man or woman who feels the gear lever is there to be used rather than something on which an idle hand can be rested. The suspension (aided by new varieties of soft-riding, low-profile tyres from Michelin and Goodyear) does a marvellous job, absorbing shocks and thumps but allowing almost roll-free fast cornering. Nor is it thrown if you hit broken tarmac in mid-bend. In short, the Saab 9000CDi manual combines brisk (120 mph/190 kmh maximum) performance with courtly manners. But it won't give its best to the top gear-only driver.

A fuel consumption in the high 20s (say 28 mpg, or 10 litres/100 kms) should be possible for the manual in average use; the automatic (£780 extra) will be only slightly thirstier. The 9000CDi costs £15,495, a seductive figure if you don't mind doing without electric

windows or a sunroof and are prepared to adjust the outside mirrors manually from inside the car. If you come in the just-under-£18,000 company car class, the CDi has these and other features at £17,995. Higher up the range, a most luxuriously furnished CDE costs almost £28,500. For this model, Saab resorts to turbo-charging and inter-cooling the same basic two-litre, four-cylinder engine to boost output to just over 200 horsepower. I do not think this is the right formula for a car that has to compete with multi-cylinder rivals like the Alfa Romeo 164, BMW 524i, Granada Scorpio, Jaguar XJ6 or Rover Sterling, all of which are slightly (or substantially) cheaper than the 9000CDi.

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BOOKS

# The Piltown man of military history

But was Douglas Haig all that bad? Justin Wintle reviews a new biography of the Great War general

DOUGLAS HAIG 1861-1928  
by Gerard de Groot  
Unwin Hyman £20.00, 441 pages

**P**oor Douglas Haig! Against the odds, he not only survived as commander of British forces on the Western Front, having replaced French in 1915, but eventually triumphed. He stuck to his task with much the same tenacity as Churchill stuck to his in the Second World War. Yet, ever since, he has been vilified regularly.

His critics claim the war could have been won sooner and at far less cost. But the efficacy and purpose of the Kaiser's army set to one side an oversight common to many, if not most, Anglo-Saxon retrospects: it is assumed that Haig, deliberately, sent wave after wave of imperial infantry straight at the enemy machine-guns simply to show grit. However, the millions of gallons of blood spilled on the Somme and in Flanders were the consequence of his incompetence much more than of any larger historical forces.

There can be no doubt that Haig, the soldier, was flawed. Before the Great War, he had seen active service only in the Sudan and South Africa. In both these theatres, cavalry could still be deployed with telling effect. As a capable cavalry officer, Haig necessarily prospered. The trouble was that, thereafter, he never stopped being a cavalry officer.

Throughout the Great War, his recipe for defeating Germany remained static in its essentials. A "wearing out" of German morale must be followed by a total assault in which the cavalry sweep would supply the knock-out blow. Given the geographical and technological conditions on the Western Front, only someone capable of gross delusions could have persisted in this sort of strategy.

Haig was such a man. Every time the cavalry went forward, the cavalry was butchered. But still he refused to alter his thinking. And the same want of native perspicacity led him into other errors. Contrary to received opinion, Haig did not despise the tank; but he used it as little more than an auxiliary. Again, he misread intelligence consistently. For three years he believed, because he wanted to believe, that the German war machine was on the brink of collapse. As a result, his predictions about enemy strength and enemy manoeuvres were wrong uniformly.

His heroic assaults inevitably petered out after an initial hard-won gain, and the ensuing counter-attack stretched Allied resources to the limit. Ironically, it was only when Germany, unsettled by the advent of the American Expeditionary Force, attempted a similar offensive in the spring of 1918 that Haig was able finally to break through its lines. Finally, he was inflexible about the Front itself. He refused to even consider that Germany could be fought, let alone beaten, anywhere else.

All this is laid bare compellingly in *Douglas Haig 1861-1928*, a chronicle, no less, of Haig's shortcomings. Yet, even though its author, Gerard J. De Groot, at one point refers to his subject as "the Piltown man of military history," it nonetheless procures at least a partial rehabilitation of Haig's reputation.

From a detailed discussion of the early career, we learn to what extent Haig was the product both of the society that bore him and the army that nurtured him. Haig was, in fact, exactly the kind of commander Britain at the time was likely to produce. We learn further that the reforms which Haig himself pushed through in the 10 years leading up to the war were largely responsible for Britain even being able to take the field alongside France. The reforms could

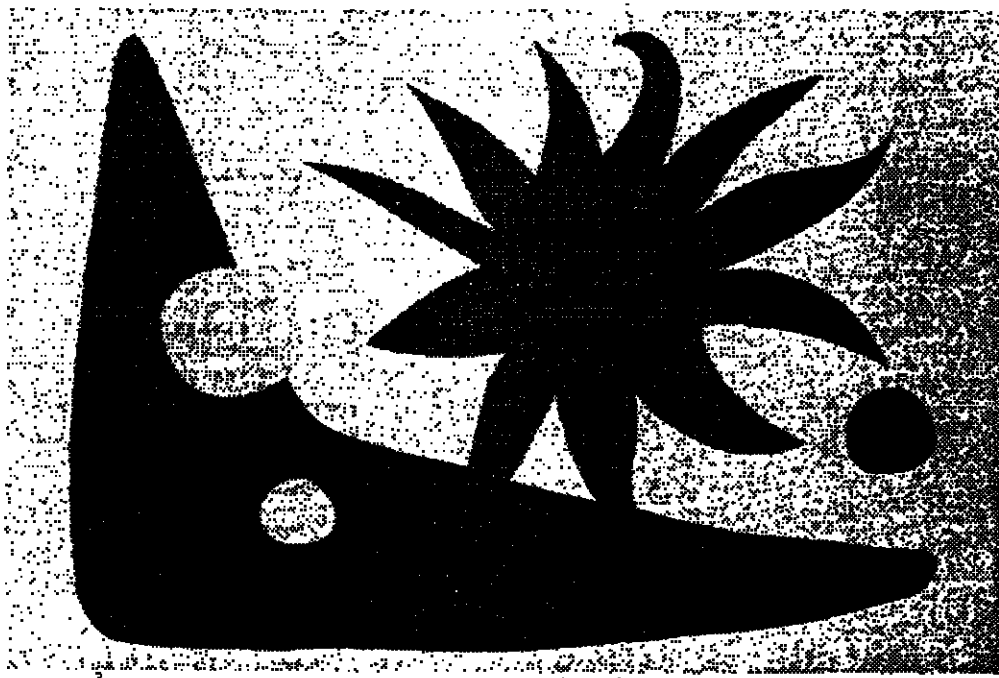
have gone further but, without them, the struggle for Europe might indeed have been over by Christmas 1914.

De Groot illumines brilliantly the enervating and Byzantine squabbles between the different factions of Britain's Edwardian army, and between that army and the Government of Lloyd George. The key mistake, however, lay in never entrusting both strategy and tactics effectively to a single general: the appointments of Nivelle and Foch as Allied supremos were as misguided as they were short-lived.

Haig was not pleased that he was never offered the job, but refused to be snubbed. His cavalry dream persisted like a pilot light and, in the end, the boiler fired. Always the disciplinarian, always the elitist, his argument that steadfastness is nine-tenths of valour succeeded where all others had failed.



Douglas Haig... responsible for the reforms that allowed Britain to fight alongside France



Alexander Calder's 1965 lithograph "Red Sun." It is one of 185 illustrations in *River Castleman's* useful paperback book "Prints of the 20th Century: A History," which has just appeared in a revised and enlarged edition from Thames & Hudson at £5.95.

# Prince who became a one-book wonder

Francis King on one of Italy's greatest writers

**I**N THE history of literature, Giuseppe Tomasi, Prince of Lampedusa, is unique in having achieved world-wide fame posthumously with a single novel, *The Leopard* (*The Leopard*). Kafka's case would be similar, except that he left behind him not one novel but three. What makes Lampedusa's story even more extraordinary is that he embarked on this one novel without any previous apprenticeship as a writer and only two years before his death from lung cancer - he had always been a heavy smoker - at the age of 60.

The question one asks inevitably is why someone so clearly a born novelist should have taken so long to embrace his true vocation. Was it because of the inertia that had gradually afflicted his once-vigorous family so that its members, unlike those of Britain's aristocracy, seemed to acquiesce fatalistically in a loss of power and impoverishment as they devolved away their lives?

Or was it that, in his solitary pride, this shy (but far from timid) man dreaded to expose himself to possible criticism or even ridicule? To this question, Lampedusa's intelligent biographer, David Gilmour, attempts no answer, perhaps because none can be given with any certainty.

What Gilmour does show is how, through years of wide and deep reading in the literatures not merely of Italy but also of England and France, Lampedusa prepared himself, like some dedicated athlete, for his heroic achievement. His life was most intense when he was living it through some such

**THE LAST LEOPARD:**  
A Life of Giuseppe di Lampedusa  
by David Gilmour  
Quercus £15.95, 223 pages

writer, at once greatly loved and scrutinised fastidiously, as Shakespeare, Keats, Dickens or Stendhal.

Outside the world of literature, little of moment happened to him. In his early bachelor years in the 1920s he travelled aimlessly about Europe, often staying with his uncle, Pietro Tomasi, Marquess of Torretta, when he was Italian Ambassador in London. In his middle married years he battled, half-heartedly and ineptly, to halt the decline in the family fortunes. In the last decade of his life he became intellectual cicerone to a small group of young men (one of whom, handsome, intelligent and aristocratic, he adopted). For the rest, he would browse in the bookshops of Palermo or would talk eruditely with friends in this or that café.

Because this retiring introvert was so much dominated by his aristocratic, extroverted father until her death 11 years before his own, because he did not marry until he was 36, because his wife in her later years looked (as one of her Italian contemporaries once described her to me) like "a retired Swiss Guard," and because the couple spent so little time together, there has been a wealth of speculation about Lampedusa's sexuality. Gilmour refers to the

rumour that, in the First World War, he received a wound that made him impotent. But, oddly, he does nothing to investigate the other rumour that, despite his declared abhorrence of homosexuals ("a right little pedast" was his judgment, in the Sicilian dialect of Prunzi) he might himself have been one. According to this view, belated sexual liberation could have prompted belated liberation as a writer.

Gilmour demonstrates most adroitly how, despite all the vehement disclaimers of Lampedusa's widow, the proud, solitary hero of the novel, Don Fabrizio, is based at least as much on his creator as on his creator's great-grandfather. Like Don Fabrizio, Lampedusa spent most of his life watching "the ruin of his own class and his own inheritance without ever making, still less wanting to make, any move towards saving it." Then, through the majesty of his art, he achieved that salvation, redeeming money squandered, palaces abandoned, lives frittered away and time lost.

The man who finally emerges from these pages - snobbish, sardonic, taciturn, shy, cruel of his art, he cannot be said to be lovable or even all that likeable. But his story, as Gilmour relates with so much skill, is essentially happy since it has as its climax a total, if long delayed, fulfilment. Twenty years after its publication, *The Leopard* had become the most widely read novel in Italy. Many Italians believe it to be second only to *I Promessi Sposi* as the greatest novel in their language.

# When Britain made do without money

A. L. Rowse reflects on the role of cash in olden times

**MONEY AND ITS USE IN MEDIEVAL EUROPE**  
by P. Spufford  
Cambridge U.P. £20.00, 467 pages

**WITH ME,** it is with money as with mathematics: if I cannot penetrate its mystery, I can at least appreciate its history. Some knowledge of that is indispensable to the general historian, as Spufford brings home to us in this fine work of scholarship; readable, too.

He is quite right in his reproach that historians of medieval Europe have paid "comparatively little attention to money. Yet it is one of the key variables in our understanding of medieval societies, along with population, religion and developing agricultural, industrial and commercial techniques." Indeed, I share his suspicion that historians devote far too much space to religion and war-making, and nothing like enough to money.

Spufford scores in pointing out that, as for carats, "modern men and women are normally unaware that the diamonds and gold of their engagement and wedding rings are being measured in terms of ancient east Mediterranean locust beans."

We can all appreciate the beauty of earlier coins; the author emphasises that they give us vivid illustrations of what we take too much for granted. In a case of gold coins at Sotheby's recently, I noticed the portrait of Septimius Severus and recognised him as the emperor who died at York in 211. How remarkable that such coins come down to us in mint condition after 1,500 years!

The crucial point this book illustrates - with maps and diagrams - is what an indicator money is of the general movements of history. It corroborates and confirms them. Take the fascinating case of Roman Britain. After the departure of the Romans, no coin entered Britain, and the 200 years coin ceased to be a medium of exchange. Back to barter and pillage! That gives witness to the breakdown of

civilisation, the triumph of the Teutonic barbarians, more than anything. Even more pointedly, in this Britain was exceptional: over the rest of western Europe, invaded by the barbarians, the transition was less catastrophic and more gradual.

Most valuably, Spufford is original and convincing over the too-much-discussed origins of feudalism. He shows simply how, with the shrinking of money, the folding up of a money economy, soldiers had to be paid in land grants and peasants paid their rents in labour services. What could be clearer? Here he had a precursor in that seminal historian, Marc Bloch, victim of the Nazis and a cruel loss to scholarship.

Through the Dark Ages and later, with gold out of the silver penny ruled for 500 years - familiar to us from Anglo-Saxon coins. At the end of the story, England developed a prime source of wealth in her wool exports. This enabled the small country to accumulate exceptional money balances. So it became a milk-cow for predatory, militarist monarchs.

Out of England came Richard Coeur-de-Lion's ransom from imprisonment: 100,000 silver marks, over 23 tonnes of it. Was he worth it? His brother, King John, shipped another 40,000 marks to Germany to subsidize a nephew's war. His son Richard, Earl of Cornwall, took a similar sum to Germany in the attempt to make himself emperor. His nephew, Edward I, shipped a far greater quantity to the Low Countries to make war more than 120 tonnes of silver coin.

I always thought those Angevin monarchs a deleterious lot. Of course, the English tax system - that high mark of civilisation - was deplorably efficient. The English always were more devout in paying taxes than were those abroad.

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# Egypt through selective eyes

**ANTHONY SATTIN** is at his most successful in *Lifting the Veil* when dealing with the epic figures who publicised in the West their discovery of Egypt and its civilisation, past and present. He deals very readably with the careers of James Bruce, Henry Salt, the Swiss explorer Burckhardt, the Italian Belzoni - who laid the foundations of Egyptology, if only by removing so many remains and E. W. Lane, whose book about the Egyptians of the 1830s is probably the best account ever written by an Englishman of another society.

Quite how a country like custom-bound and Moslem Egypt would enter the modern industrial age was never clear and bound, in any case, to be a painful process. In the event, the British took responsibility for it by making Egypt a protectorate (never a colony).

There came into existence an administration dedicated to creating institutions, the rule of law, and those democratic standards and values which justified the British in their own eyes.

Sattin has an undoubted literary verve, which he uses in telling the stories of famous characters like General Gordon, Lucie Duff Gordon, the archetypal "Victorian" lady (even while she was dying of consumption on the banks of the Nile), and the tomb-hunting Lord Carnarvon. He draws upon well-known memoirs by Mabel Caillart, Baron de Kossel, Russell Pasha and others.

It is, of course, fun to evoke the Ramleh fox-hounds, the Cairo opera house and the Gezira Sporting Club. Few did so much to change the face of Egypt as Thomas Waghorn and

**LIFTING THE VEIL:**  
British Society in Egypt 1768-1956  
by Anthony Sattin  
Dent £15.95, 289 pages

Thomas Cook who, in their various ways, established mass tourism, about which Sattin gives a full account with chapters on Luxor and Aswan. Under the social surface and the gossip, the British were insisting upon the rights and duties, as well as the goods and services, which they took for granted at home. Sattin has a weak grasp of this central political fact and its consequences. The fascinating complex of the Khedivial Palace and the British Agency, the lawyers and financiers, the builders of the stock and cotton exchanges, the foundry masters and technicians, are virtually invisible here.

Lord Cromer, British Agent for a quarter of a century, made a unique and sustained effort to resolve the difficulties of Egyptian modernisation. He is dismissed as "despised." Sir William Willcocks, engineer of the first crucial Aswan Dam, rates a passing mention while Greene Pasha, who wiped out cholera, is omitted altogether. Nothing about medicine, veterinary science, agriculture, banking, education. Strangest of all, no attempt to discuss how or why British attitudes towards Egypt changed between the wars.

A book as selective as this perpetuates illusion about real achievements. The British seem frivolous, having a fine and interesting time at the expense of others. The Egyptians seem backward and pitiful. Everyone deserves better.

David Pryce-Jones

# Cuba's bloody tapestry laid bare

**VIEW OF DAWN IN THE TROPICS**  
by G. Cabrera Infante  
Faber & Faber £10.95, 163 pages

**I**N HISTORICAL terms, it can be argued that Cuba peaked too soon - on October 11, 1492, to be precise, when Columbus made his first landfall in the Americas. Since then, events have thrust the country, the last and probably the proudest jewel in the Spanish imperial crown, on one long roller-coaster ride down the grim road to dictatorship and tyranny.

Certainly, the island nation of 10m people has had more than its share of despots. The Cuban story this century alone has been dominated by the likes of Machado, Batista and Castro. It is the 30th anniversary of Fidel's "triumph of the revolution" that Cuban nationalists will celebrate in January. But it is a celebration that will not be shared by several hundred thousand expatriates, living mainly in the US, and certainly not by Guillermo

Breaks" that separate the short stories in Hemingway's 1930s classic *The First Forty-Niners*. Cabrera Infante takes the reader on a carefully-guided, step-by-step tour across the giant and bloody tapestry of Cuba's history, commenting in short vignettes - so little and scarcely a paragraph long and others running little more than a page - on the fate that has befallen Conquistadors, poet revolutionaries, slaves seeking liberation, and the countless innocents who have been crushed by despotism.

Clearly, this cannot have been an easy book to compose, for it is written as much with the author's heart as with his head. But he keeps control of his subject matter, never mentioning his past and present adversaries by name but leaving the reader with a clear understanding that Cuba is a place to which, as Arthur

Miller said of Willy Loman, "attention must be paid."

The author concludes: "... That sad, unfortunate island will be there after the last Indian and after the last Spaniard and after the last African and after the last American and after the last Russian and after the last of the Cubans, surviving all disasters, eternally washed over by the Gulf Stream: beautiful and green, undying, eternal." His is the lament of the expatriate whose words are destined never to be read at home.

Frank Gray

**WEEKEND FT BOOKS PAGE**

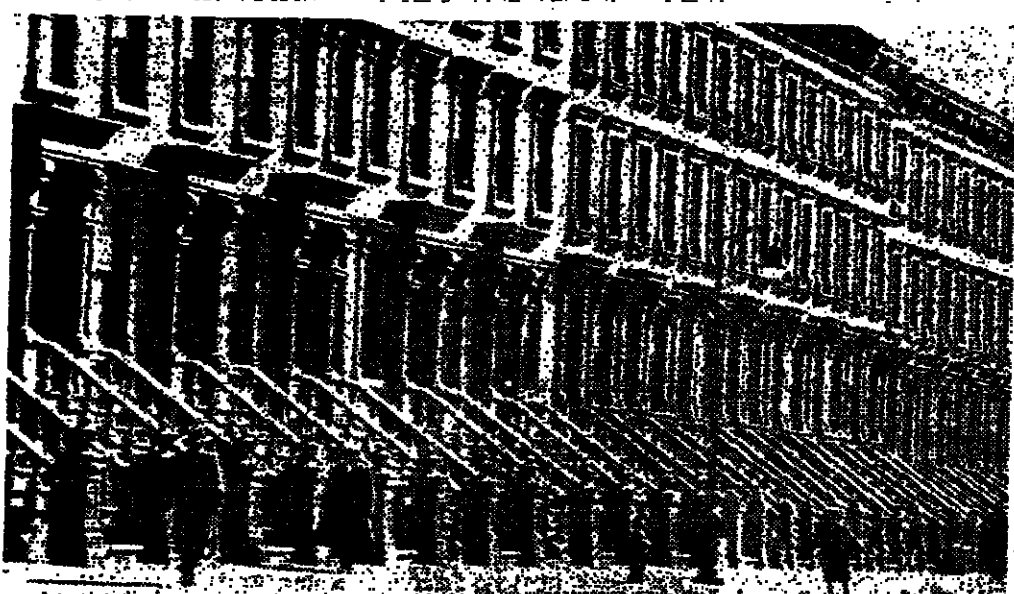
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BOOKS/DIVERSTIONS

Down the close, darkening lanes

As we mark Remembrance Sunday, Nigel Spivey describes his own pilgrimage



A row of brownstone townhouses in West 46th Street, typical of those that once occupied many square miles of New York City. It is one of the illustrations in Alfred Kazin's fascinating 'A Writer's America: Landscape in Literature' (Thames & Hudson, £15.95, 240 pages). The novelist Edith Wharton, a selection of whose letters is reviewed below, grew up in very similar surroundings.

Letters that reveal a woman of feeling

Geoffrey Moore on American writer Edith Wharton

LIKE ALL the great American novelists, Edith Wharton (nee Newbold Jones) was an expert at writing short stories; and that is how she began, in 1899, with the collection she called 'The Greater Inclination'.

THE LETTERS OF EDITH WHARTON edited by R.W.B. Lewis and Nancy Lewis (Simon & Schuster £16.95, 645 pages)

a "Man Ami" and by March "Cocor Mio" yet a superb letter of that time reveals how well she knows Fullerton's character. She says that the "treasures" she longs to unpack for him are probably only "the old familiar red calico and heads of the clever trader."

was the already-married Walter Berry who was to become her chosen (although platonic) companion when she visited the Berensons at Tatti. After the First World War, Edith settled down at St. Brice-sous-Forêt, where she lived in great splendour with an army of servants until December every year.

Edith Wharton died in 1937 at the age of 75, to the last (as she said to Mary Berenson) "an incorrigible life-lover, a wonderer and adventurer." Even in her 70s, she brought out three volumes of short stories and almost completed a new novel, set in Saratoga and New York in the 1870s.

THERE IS no shortage of mud in Flanders as agricultural vehicles trundle from one massive field to another, leaving no minor road unmeasured.

And - phew! - the whiffs of starchy and manure! The blood 'n' bone smell that used to have us yelling, as children, "Cov, Dav! Your socks!" when it wafted into the car. I think blood and bone is what it is, sometimes. Looking over the roll and swell of ploughed earth, the mind's eye sees images that almost justify the adage. A landscape so desolate that the moon's surface, with its craters and blasted tree stumps, cut by duckboards and brambles of barbed wire. Here, the rotting haunches of toppled horse; there, some shattered prop and shoring, mirrored in a stale lagoon. Into this mud-laden and sepi landscape grow figures of khaki, sitting in the lee of battle; some peeling off puttees, others lighting cigarettes; faces blackened.

It must be this, the force of these very particular images, that restrained the First World War as the Great War even for someone of my generation: someone with no substantial kinship to motivate a pilgrimage to the Western Front, no grandfather or great-grandfather interested there.

I first became aware of this force when driving from Paris to London last year, eschewing the motorway and taking a less rushed route through Picardy: Amiens, St Omer, Calais. Then, the very signposts were poignant - Bapaume, Arras, Béthune, Lens. They called up melodies, or splinters of verse. And I knew Arras as the place where Edward Thomas was killed, coming up from his dug-out to light a pipe; Béthune as the town where Edmund Blunden and Robert Graves were billeted.

This topography I recognised as part of me: these names were shards of a collective memory, the excavation of which was a sentimental duty. Some I recognised more immediately than others. Near Beaumont Hamel, in the Somme, I thought: Beaumont Hamel, Beaumont Hamel - why do I know Beaumont Hamel? It took me a while before I tracked it down, via my bookshelves, as the deathplace of the dear genius H. H. Munro ("Saki").

So, in late summer this year, I went, expressly, to Flanders. I mean "Flanders" in a sentimental way. Geographically, it is an area of north-east France and western Belgium; sentimentally, it can include virtually any contingent part of that area where British campaigns - Marlborough, Wellington, Haig included - were waged. I knew more or less where I wanted to go. On landing at Dunkirk, it was easy enough to

motor down to Béthune by dusk and find a room in town. Béthune, after all, was once the place behind the lines most favoured for rest and recreation of sorts. Now, it is the exemplary restored town. Its medieval belfry, bombarded in 1918, commands a broad market-place; and the bell factory noisily roasting us to an early breakfast.

As I drove out towards Armentières, mist sat firmly in the best fields. There was a sun, somewhere beyond the pylons: it glowed like a pearl, and gave off no heat. When I stopped at my first cemetery, at Le Touret, a cockerel trumpeted.

Few of the towns and villages in these parts are without one of the green signs put up by the Commonwealth War Graves Commission. Le Touret is no more than a hamlet, a farmhouse or two. The memorial to British Missing is done as a cloister of white stone. The graves are laid out in a typical fashion, impeccably ordered amidst clipped lawns, roses, small shrubs and divers blooms. I walked through, curious as to the formulae used for the headstones. "Rest in peace" and "They will be done" I expected. "He hath done what he could, he will be done." The names were added to anonymous graves: "Known unto God."

Le Touret, and many like it, are still places that must move whoever lingers in them. But I did not yield to tears until later

in the morning when I passed through the entrance to Tyne Cot, a British cemetery and memorial to some little way south of Passchendaele. The entrance to the site is a cruel: a flintstone lych-gate, it (no doubt deliberately) recalls an English country churchyard and hardly prepares you for the legion of graves laid out not in the dishevelled fashion of parish burials but like so many soldiers scented within a vast parade ground.

Some 35,000 are inscribed here as missing; near enough 12,000 headstones lined up for inspection. It was as much as I could do to stumble along those ranks. So many of the men were recorded as younger than myself (so many had yet to reach 20), so many - as the name of the place suggests - were from the shire I know best, Northumberland.

I could see the names again on so many church plaques, village crosses and market-square monuments in Hexham, North Shields, Rothbury and Jarrow. A familiar yomony was buried here, and that caused weeping. But recalling precisely what opened the conduits of tears is not easy. It was a sensation compounded chiefly of sheer, absolute outrage: outrage, outrage, beyond names. Beyond belief, beyond meaning - beyond all that makes sense. Later, surveying a German cemetery in which a great many more were commemorated, I felt much less of this; and must presume a

thread of something like patriotism in the sensation. On Passchendaele Ridge, the air sweet with camomile, I composed myself. I identified one reason why the collective memory of this battleground, and of the Ypres salient and the Somme generally, is so strong: because the fighting stuck so wretchedly to certain places (Hill 60, Hellfire Corner and so on), and hence became proprietary to its own landscape.

The fields are huge and hedgerow-bare because these battles stripped the vegetation. Paths and roads still follow or intersect trenches. The EC cows ruminate around old dug-outs and concrete bunkers, and farmers continue to turn up shells and shrapnel from the soil. And if Ypres itself (our "Wipers," the Flemish leper) has been reconstructed thoroughly, and the great Cloth Hall be a reminder of a long previous prosperity in Flanders, it is obvious that local people are very much aware of the Great War memory. Difficult for them not to be so, perhaps, when they come into town by the Menin Gate which lists the names of some 55,000 missing men of "the armies of the British Empire."

Within the Cloth Hall, there is a museum. This - and the same goes for the numerous clones it scattered throughout the area - is for true gourmets of the morbid. To inspect dummies dressed in various

national or regimental liveries, to compare bullets, insignia and grenades, might intrigue some, personally. I have no taste for it. And it nauseated me to see, at the Canadian Battleground Memorial on Vimy Ridge, a party of inner London school-children scampering around the fossilised trenches, some simply for fun, others conducting some sort of project - Judging distances, assessing strategies. Vimy Ridge is left as a field of battle. The shell-holes are grassed over and the site is planted with maple trees, the rusted leaves of which were beginning to drop late in September. It makes a fine playground for children. Watching them, crouching gleefully behind sandbags and lobbing imaginary grenades - I perceived within myself a further, and most peculiar, reason for visiting sites such as Vimy. A perversity to confess, because it was a type of envy. Envy! Not for the adventures of trench warfare, but for the little more than the bleakest of all privations. But if pains and privations were extraordinary, so were resilience, love and fellowship.

The words which were probably Wilfred Owen's last kept returning to me. "You had been visited by a band of friends half so fine as surround me here." Being there, I understood why Owen - and others like him - actually chose to go back to the Western Front even when wounds or shell shock could have given them a perfectly valid reason for staying - to convalesce in Britain.

Owen was killed in the last week of the war. He is buried in the village cemetery at Ors, south-east of Cateau-Cambrésis. A small plot of the regular military headstones is enclosed within the florid jumble of local tombs - one presumes these to be the "band of friends" engaged with him in a tidying-up action on the nearby Sambre-Oise canal.

In one of the registers kept in the cemetery for visitors to sign, I saw the quivery comment of an old hand, perhaps a survivor: "Sad how the British forget their war dead." He had noted the paucity of inscriptions in the book. And it is true that I encountered no other persons at the cemeteries apart from local gardeners. But have we forgotten, 70 years on? I should have thought not. Few survivors can be alive now, and the number of relatives who take the trouble to pay respects will become increasingly less. But the "War Poets" are more studied and cited than ever; naturally, because the extremities of their situation produced (like love and comradeship) the extraordinary. I cannot be alone in feeling that Flanders is no foreign land.

New books on the First World War include Penguin's 'A Guide to the Western Front' by Victor Neuburg (£6.95) and 'At the Going Down of the Sun' by Derek Bootman (£14.95), published by Sessions of York.



A poignant reminder of a savage war: Bailleul Road East Cemetery, near Arras

A catalogue of conquests by a poet of the impolite

JOURNEYS THROUGH THE UNDERWORLD by Fiona Pitt-Kethley (Corgi & Winkles £13.00, 224 pages)

AS A calculatedly outrageous guide to southern Italy, this book reads as though Cassanova had let rip on a Baedeker guide. It is a fresher romp through the Mezzogiorno, a catalogue of conquests amorous and aphrodisiac.

of the facts and legends of the slybits, those most influential women of the ancient world. For Pitt-Kethley is much less a slybit than a siren; what follows is a string of lewd anecdotes and devastating asides, often extremely funny, about the apparent shortcomings of the Italian male - particularly his susceptibility to *mammismo*, a retarded affection for mother.

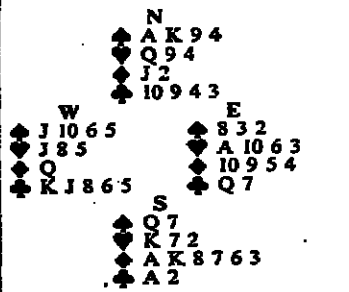
Kethley has all the sensitivity of a female lorry-driver. But the obtuseness is, of course, an affection; and affected, too, is Pitt-Kethley's chosen way of travelling. She stuns it checking into the grandest of hotels, lurching out of battered carrier bags, curling up on the benches of station waiting rooms.

There are, though, some fine descriptions of the Italian south; and Pitt-Kethley captures the atmosphere of Lake Avernus, believed by the ancients to be the entrance to the Underworld, exactly right: "a marshy half-light and greenness." *Journeys to the Underworld* is most unusual, highly original and quite drenched at times. It is also rarely anything but entertaining.

Ian Thomson

Bridge

TODAY'S HANDS are from duplicate pairs of high standard, although the dummy play might make you think otherwise. In this hand, I was East:



North dealt at love-all. South started with one diamond and North replied with one spade. South rebid two no trumps and North's raised three no trumps ended the auction. West led the six of clubs.

Dealer played dummy's three. I played my seven and South ducked - a bad move. Clearly, I held one club honour - West would not lead low from king, queen and knave. South should win, knowing that the suit would be blocked.

As it was, I led back the queen, taken by the ace, and the declarer cashed a low diamond. West took, cashed his club winners and a heart lead put the contract two down.

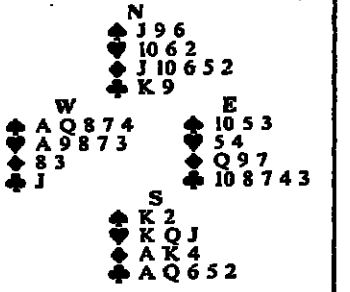
After winning trick one South might lead a low diamond, as before. West wins and leads a club. East plays a spade (best) and West's 10 is taken by the king.

The diamond knave is made and South crosses to his spade queen, cashes four diamond winners and leads a heart. He places East with the ace - had West held it, he might have overcalled South's bid with two clubs - and that sets up the ninth trick.

South might cash the diamond ace at the second trick. By dropping the queen, he does

not gain a trick but he saves a tempo. He makes the diamond knave, crosses to the spade queen, cashes the diamond king, concedes one diamond and makes an overtrick.

We were grateful for the match points. Nine boards later, this turned up:



North dealt at game to North-South and, after two passes, South opened with two no-trumps. North raised to three and all passed.

West led the seven of spades and East's 10 lost to the king. South played the queen of hearts (somewhat naive), hoping to steal one heart trick and get home with five clubs and two diamonds - a plan that would not have worked as the cards lay. West, however, took his ace at once and ran his spades to put South one down.

As I have often said, when everything seems set fair the expert looks round for possible snags and seeks some way of overcoming them. But when the contract is dicey, he assumes that every card lies right and acts accordingly.

Here, the declarer should have played dummy's knave of spades at trick one - and it holds. Now he leads the diamond knave and runs it. When this holds, he cashes ace and king and the remaining diamonds and clubs deliver the contract. At least that line has a chance of winning; the declarer's had no chance at all.

E. P. C. Cotter

Crime

IN A Month of Sand by M. R. D. Meek (Collins, £9.95, 208 pages) a solicitor goes off to Cornwall with the woman of whom he's fond but can't make his mind to marry (she is even more undecided than he), hoping to reach a decision.

self (through a series of coincidences) investigating a mysterious disappearance, a murder, and other assorted misdeeds. Much of the time, she has her engaging Oriental friend, Peter Chen, along with her. The focus of their attention is a boy's school, a far cry from Dickens. Paced beautifully, the story is given unity by the dominant and attractive figure of Rosa; but the minor figures are also sketched nicely.

As Above of Justice by Roger Parkes (Collins, £9.95, 283 pages), deals with a delicate, emotionally-charged and - for some people - distasteful subject: the sexual molestation of children. But Parkes handles it with sensitivity and insight, with particular sympathy for the lawyers who have to try offenders under often-damning circumstances. Parkesky remains one of the most interesting crime writers of recent years.

gets him into trouble. The reader's heart will be with him; but the reader's head is the acute reasoning of the harassed Crown Prosecutor.

Toxic Shock by Sara Paretsky (Gollancz £11.95, 320 pages) sees private investigator Vic Warrshawski return, at a friend's request, to her old neighbourhood in south Chicago to look into a matter of paternity. While her enquiries involve the fairly remote past, they also dig up a good deal of current mischief and she comes close to death more than once.

Paretsky's protagonist is a genuine character: warm, subtle, sometimes insensitive, likeable. On this occasion, however, the author is at times self-indulgent and the book is longer than it need be (Vic's frequent dreams, for example, could profitably have been pruned). Nevertheless, Paretsky remains one of the most interesting crime writers of recent years.

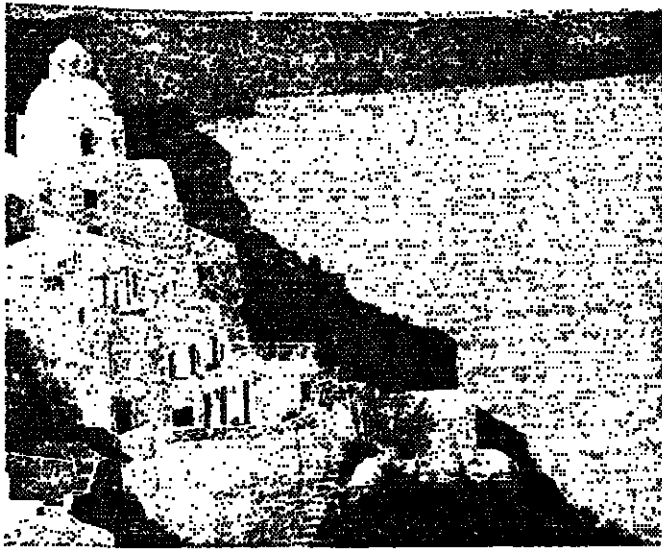
William Weaver

THE MILLENNIUM WATCH. DISTINCTIVELY DUNHILL.

Advertisement for the Millennium Watch by Dunhill. It features a large image of a watch with a white dial and Roman numerals. The text describes the watch as a 'diamond knave' and 'distinctively Dunhill'. At the bottom, it provides contact information for Alfred Dunhill Ltd, 30 Duke Street St. James's, London SW1Y 6DL, and includes the Dunhill logo.



DIVERSIONS



Thira, a town perched on the volcanic cliffs of Santorini

Archaeology

A vast blast in the past

**A**CID RAIN and snow in Greenland, frost damage to pines in California and weak annual growth in oaks in Ireland are the startling combination of evidence that allows us to spot a major volcanic eruption in the mid-17th century BC. We can date it by counting ice layers and tree rings. We can also explain how the eruption affected the weather. But can we identify the volcano?

The principle of dating ancient weather from the ice is simple, although the work is tough. Danish scientists have drilled holes in the ice to take cores which record each year's snow, in annual layers of winter snowfall and summer melting. They date the layers by counting backwards from the present day and, layer by layer, measure the acidity, which is present as much in acid snow as in acid rain. The graph for 1900 to 1300 BC shows a peak of acidity - a veritable Everest - in 1644 BC, give or take 20 years.

Unlike the Scandinavians, who know their acid rain comes from the fossil fuel burnt in British power stations, we cannot be certain of the sources of ancient acid rain and snow. However, there is a clue to the type of source. Usually, nitric acid is detected, but the peak layer of 1644 BC is high in sulphuric acid, which could have only one source: it has to be dust in the stratosphere from a major volcanic eruption that probably happened the year before.

This remarkable finding was published last year, when the Danes were both quick and wise to point out that the date of 1645 proposed for the eruption had an error limit of 20 years either way. This allows it to fit the date of 1628 or 1626 BC for a similar (or the same) eruption found by examining the annual rings of the bristlecone pine in the mountains of the north-western US. These trees do not show acidity in their rings but do show frost damage caused by unusually low temperatures.

The low temperatures often connect with volcanic eruptions and come the year after the appropriate bang. They are caused by a veil effect. Volcanic dust (including sulphur aerosols) is suspended in the stratosphere after an eruption. This reduces the normal level of heat from the sun reaching the earth and helps to create blasts of unusually cold air. This pattern of chill is the opposite of the greenhouse effect.

The best instance of a volcanic bang followed by frost damage is the eruption of Krakatoa in 1883, the damage coming in 1884. The worst damage of all was in 2035 BC, which seems to coincide with a large eruption of Mount St Helens in the US as dated by radiocarbon (although without a corre-

sponding acidity peak in the ice). The 1628 to 1626 BC date for frost damage has had a splendid confirmation in a Belfast study, published this year, of ancient oaks in the bogs of Ireland. The Irish trees do not show frost damage but they do have much reduced ring widths in the 1620s BC. Again, a veil effect is thought to be the cause. So, Irish oak and Californian pine and probably Greenland ice combine to show that the changes in weather in the mid-17th century BC were a worldwide event - or, at least, one that covered the whole northern hemisphere.

The universal character of this natural disaster of long ago is sobering for us today, as we are only beginning to understand the problem of the greenhouse effect and how humans have added to it. For scientists, however, it is not altogether news, since they saw soon after the first atomic bombs were exploded that the dust from the explosions quickly spread round the stratosphere and stayed up there, just as the dust did from the eruption of Mount St Helens in 1980.

The precise dating method still gives rise to a problem: to actually find and identify a volcano that blew in the mid-17th century BC. It is a quest without a guarantee of certainty, as we are still far from knowing the volcanic history of the world in places and periods before written records. Even in the 11th century AD, there are several cases of bad frost damage without any volcanoes with which to link them.

However, for the 2nd millennium BC there is one volcano that we know erupted: Thera, or Santorini, on the southern edge of the Cyclades in the Aegean Sea. Volcanology shows that Thera's eruption qualifies as a major event which overwhelmed a thriving island town that has become the Pompeii of pre-history.

What is the date of Thera's bang? The usual view of archaeologists has been around 1500 BC, or up to 25 years earlier. But this does not altogether meet the radiocarbon dates, which tend to support the ice and the oaks and the pines in putting it a century earlier. So, some archaeologists recently have revised upwards the archaeological dates (based on pottery and links with Egypt). Their results are not agreed universally, as they entail rethinking the history of the Minoan and Mycenaean civilisations.

Oxford, fresh from dating the Turin Shroud, is to produce new carbon dates to help a debate that will run hard through 1989 and reach a climax at a conference on, and about, Thera in September. There, archaeologists will ponder again the dates of disaster and destruction.

Gerald Cadogan

**TRAFFIC JAMS** are good for us. This is the message from Transport Minister Peter Bottomley, who feels that snarls are symbols of economic prosperity. And no-one would agree more than makers of portable business equipment, who are getting rich as we try to do business while battling with an overloaded transport system.

One advertisement in a Sunday supplement, for example, attracted more than 4,000 enquiries for a portable facsimile machine. Rascal Vodafone, one of the two competing cellular telephone networks, has just been floated on the stock market with shares oversubscribed eight times.

Although the cellular telephone network is well established, the fully-portable office is in only its first generation of refinement. The technology that allows you to write a letter, receive information from base and chat to your clients is relatively easy to set up in a car, on a yacht or even a train, but you have to be reasonably tolerant of technical blips that make this sort of work something like using a Third World telephone system.

Take the cellular telephone service, for example. There is heavy congestion in south-east England, which makes it difficult to get a line at peak times and easy to find yourself crossed with another conversation. Some more remote parts of the country are not covered very well and you will, for instance, get pretty shoddy reception driving through the Welsh mountains.

There are also areas the network providers call black spots. These are shadows cast by, say, tall buildings which hinder the reception of radio signals. This means you will be chatting to someone and suddenly the line will be cut-off, or there will be so much noise on it that you will have to call back later.

It is a problem Phil Hawes promises to overcome if you need to send information between computers on the cellular system. His company, called Commsoave, is selling an office in a briefcase. Well, it's actually a Cambridge 288 portable computer, Diconix printer, pocket telephone, a

An office to take home with you

Portable business systems are becoming de rigueur, reports Peter Knight



rechargeable battery and a little box of electronics packed into a small Delsey suitcase with some space to spare for papers. It is small enough to take on planes and trains although it is considerably bigger than a conventional briefcase.

Hawes is aiming his product at companies, especially sales forces on the road. A typical job for a rep would be to phone the base computer and extract the latest price list before making a call. A client's order can then be filed directly into the main computer system and the information sent to, say, accounts and despatch.

Most of these jobs can be done with the minimum of fuss because Hawes says the software that Commsoave has developed will automate most of the process, from dialling the computer to interrogating it. This allows the job to be done while travelling because the driver needs only to start the



DRAWINGS: James Ferguson

process by hitting a few buttons. The software will take note of any interruption to the telephone service, such as being cut off while travelling through a black spot, and re-dial the base computer when service is restored. Information is then stored automatically and can be printed when the driver is free to push paper into the little printer. Hawes hopes eventually to include a facility that will send a facsimile automatically to any fax machine, direct from the portable computer.

Although smallish fax machines have been available for cars, the business of installing them has been complicated because a special and rather expensive modem was needed

and the fax had to be wired into the car's power system. Now, a fully-portable and battery-driven fax, called Microfax, is available from Sentra Electronics. The Microfax can be connected to any telephone either plugged into a conventional BT socket or connected via an acoustic coupler to a payphone or cellular phone. This means you can send type

or handwritten information to any other fax in the world from virtually anywhere.

The majority of business people prefer fax to word processors because they can scribble instructions rather than having to type. The Microfax works well, although it reads only A4 paper and has difficulties sending low-contrast print, such as press cuttings. Fine drawings or small print are handled adequately as long as the contrast is strong. The Microfax's only other obvious problem is a troublesome paper feed. Each page to be transmitted has to be fed in by hand. It is difficult to fit the paper absolutely true; which means it is often sucked in skew and has to be re-sent.

Otherwise, though, the machine works well and takes up little space. The suppliers offer after-sales service, including a contract that guarantees to replace a broken machine during repair. The Microfax also is available under different brand names from other suppliers.

Lap-top computers, an integral part of any portable office, have improved considerably over the past year. New models, including those from Compaq, Epson, Tandy and Toshiba, are supplied with enough memory and storage to be used in the office and while travelling. LCD screens are still their weak point but newer versions are easier to read and give an acceptable display for short periods of work. Most models will also drive a conventional high-definition screen when the computer is powered from the mains.

Lap-top portables with full-sized screens are still too big and heavy to slip into a briefcase and have to be carried separately. Some people find the Cambridge 288, made by Sir Clive Sinclair, quite acceptable for making notes while travelling. Its screen is small and the display can be hard to read, but the machine has a full-sized keyboard and weighs only about 2lb. Its big advantage is its compact size, small enough to slip into a briefcase without overloading it.

The job of setting up a portable office still requires a certain amount of fiddling with wires and puzzling out how things work. Unless you are particularly gifted in this area, it is wise to buy from a respectable dealer who might charge a little more but should be prepared to give practical help and answer a string of silly questions afterwards.

Contacts: Sentra sells the fully-portable Microfax for £1,199 (ex-VAT) and a mains-only version for £999 (ex-VAT). More on 0484-714355. Commsoave's office in a case is available through Thorn EMI Business Communications (062-882-2181) and costs £3,445 (ex-VAT) and £2,195 (ex-VAT) without a telephone.

■ Peter Knight is editor of FinTech 2 - Electronic Office.

Food for Thought

Really nutty story

**A**MERICA leads the world in making a science of what used to be art.

Peanuts are a case in point. Of course you don't need me to tell you that they grow peanuts much more scientifically in Georgia than they do in, say, Malawi or China.

I have just come from a seminar on Peanut Flavor Research under the auspices of the US Department of Agriculture and the National Peanut Council of America. It was conducted by Gail Vance Cichile who heads a research outfit with the mind-numbing title of Sensory Spectrum Inc. What Cichile unveiled was a report on work in producing a critical vocabulary for the assessment of peanut flavour. Needless to say, it emerged that American taste panelists prefer the flavours of Georgian peanuts over those of Argentinian, Chinese or African ones. If the National Peanut Council of Malawi (should there be such a body) were to conduct similar studies in Lilongwe, it would probably surface with very different conclusions.

Americans savour peanut flavour mostly in the form of peanut butter, a national institution. Africans eat a lot of peanuts too but often stewed up with chicken and pork where the flavour requirements and expectations are probably rather different. And we? What do we want peanuts to taste like? I imagine we mainly eat them salted while drinking. Our flavour expectations are probably not very different from American ones.

And what about this vocabulary or lexicon of tastes and the scientific way it is compiled? Essentially, the technique involves building a panel of sophisticated tasters working in a rarified environment according to strict rules of procedure. The panelists are not people who have already demonstrated a highly developed palate. Unless handicapped in some way we all have the equipment: it's learning how to use it that counts.

Contributing to taste are "chemical feeling factors" picked up by nerves in the nose and mouth. These can be such things as the astringency of really strong tea, the burn of alcohol, or the cool of menthol.

All these things are chemical: in eating or tasting they are mixed up with purely physical effects caused by how much we have in the mouth, its texture, its wetness and



how much we do to it in the way of biting and chewing.

Back to peanuts. The unattractive or "off" flavours seem to be more crisply characterised by Cichile's panel, who isolated cardboard, painty, fish, burnt, plastic, earthy and fruit-fermented as flavours they could detect in less than perfect nuts. Their positive or "on" vocabulary was a little less colourful of course. Roasted peanutty, raw bean, dark roast, sweet aromatics; these words give the whole preceding a touch of coffee jargon - except for that "roasted peanutty." It seems that the most exciting



and favourable thing people could detect was that the thing tasted of itself.

"Peanutty" carries nice overtones for people who like peanuts but not necessarily for everyone. My mother brought me up to think that peanuts are rather common. Although I have kissed girls who smelled of gin, crisps and cigarettes, I could never thankfully embrace someone who smelled of peanuts, which is often the case after parties. "Common" does not appear in Cichile's lexicon of tastes. And yet I like the taste of peanuts when used in cooking. Chicken, particularly if it's a rather dry bird, is often greatly helped by a peanut sauce. A good dollop of crunchy peanut butter added to the browned onion and chicken pieces at the same time as you add the stock or water provides a good glossy thickening as well as a lovely mouthful of flavour. A fat pinch each of cumin and chilli powder conspire well with that peanut flavour. Full of protein and low in cholesterol too: peanuts are certainly no junk food.

Peter Fort

Wine

Under the French influence

Edmund Penning-Rowell's second article on Californian wine

**S**INCE California table wine production began to increase early in the 1970s, the French have taken an increasing role. The first post-war arrival of importance - in 1971 - was Bernard Portet, son of André Portet, *réserveur* de Lafite from 1955 to 1975. Portet, trained in Montpellier and elsewhere, is the wine-maker of Clos du Val near Yountville in Napa, which was financed and owned by John Goulet, an American whose mother was a member of the famous Bordeaux family of Goussier.

Portet's 1972 Clos du Val - its first released vintage - took first place in the 1986 "replay" of the 1976 blind tasting in Paris which stunned the sophisticated wine world by placing several California wines ahead of leading French clarets. The production of Cabernet-Sauvignon, Merlot, Sauvignon, Chardonnay and Zinfandel runs to 50,000 to 60,000 cases from 125 acres of land that in 1971 cost \$2,500 an acre unplanted and \$4,000 planted; but it still took Clos du Val seven years to become profitable. It is now esteemed highly.

The most important of the new Napa wineries planted by a Frenchman is Château Wolner, 1,800 ft up on Howell Mountain. Château Wolner, planted exclusively in Chardonnay, is owned by Francis Dewavrin and his wife, who previously owned La Mission Haut-Brion. They acquired their California estate in 1981 and their first wine, from vines planted in 1982, was the 1985, offered in three different qualities at high prices.

Another new French-owned winery is Napa Beauvallon, near Rutherford, which started in 1986 for an initial outlay of \$4m. The owners are the St Emilion family of de Coninck, who run the Bordeaux merchant house of Lebeque; the wine-maker, Jean-Marie Maurice, comes from Montagne St Emilion and is a graduate of Bordeaux University. Following the California system, they have bought grapes and now offer 1986 Chardonnay, Merlot and Cabernet-Sauvignon: on the whole, light wines for early drinking. They told me that Louis Yerles, who a few years ago sold the enormous Ch. Des Tours in Montagne St Emilion to the Champagne house of Mareuil et Champagne, has bought just over 60 acres further up the valley.

One of the newest Napa vine-

yards is Skall, named after the family of Sète in the Midi, which claims to be the largest pasta-producing firm in the world and the second largest rice-seller in Europe. Two years ago, Skall bought the property from the Nuits-St-Georges merchant, J. C. Boisset, with evident plans of expansion. A new winery has been built with 38 acres of vineyard around it in Rutherford, and he has purchased 1,500 acres in the Pope Valley to the east of Napa but included in the Napa appellation. No wine has yet been released, but in 10 years they hope to sell 50,000 cases. Nowhere, it seems, does hope spring more eternal than in the Napa Valley.

Two French-inspired wineries, but as yet unbuilt wineries, are the Mondavi/Baron Philippe de Rothschild project, Ojus One, and Christian Moueix's association with the Daniel Estate in producing Dominus. Discussions took place between two of the most prominent wine leaders in each country as early as 1971, but the first vines, made entirely from Mondavi vineyards, was the 1979, and has been followed up every year. However, the new 104-acre vineyard, which was only planted in 1982, produced 10 per cent of the wine in 1984 and 35 per cent of the most recently released 1987.

The *cépage* is 85 per cent Cabernet-Sauvignon, 10 per cent Cabernet-Franc and 5 per cent Merlot, and the wine is matured in 100 per cent new French oak. For the 1985 vintage 12,500 cases were produced at \$50 a bottle - about the opening price of Mouton-Rothschild. The wines, deep coloured, rich and concentrated, are likely to take a good many years to come round: to my taste more Californian than Bordeaux.

Dominus is a more modest affair, consisting of 124 acres, of which the first were planted in 1981. The grapes are 50 per cent Cabernet-Sauvignon, 10 per cent Cabernet-Franc and 10 per cent Merlot. Only 25 per cent new French oak is employed, the balance being put into used casks shipped from Pétrus, Cheval-Blanc, Trotanoy and some leading Médoc properties. Only the 1984 has been issued so far, as the 1983 was considered too backward. Nor would one say that the rich, big-coloured, tannic 1984 is ready. Production has been running at about 6,000 to 6,500 cases, but the aim

needs a year or so in bottle. The white has quite a decided Chardonnay flavour and good body.

The French connection also extends to brandy, and in Carneros it is a surprise to walk into an immaculately clean replica of a Cognac distillery, owned by Rémy Martin - the first Napa brandy "facility" since Prohibition. Rémy Martin started it with Schramberg, the sparkling wine distillery, in 1982, but they have since separated. The capital cost was \$10m in 1982 including specially made French alembics, Limousin oak casks and very attractive buildings. It is estimated that it will take eight to ten years to be profitable.

Finally, to service the wineries, increasingly apt to use French oak, the celebrated Bordeaux coopership firm of Dempsco established a branch in Napa in 1982. It deals exclusively in 1982 including specially made French alembics, Limousin oak casks and very attractive buildings. It is estimated that it will take eight to ten years to be profitable.

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Blanc and 35 per cent California Chardonnay - 100 per cent Chardonnay. Four thousand cases of each have been blessed this autumn at \$11 for the red and \$12 for the white. The former has real claret flavour, with a blackcurrant bouquet. Only bottled in August if

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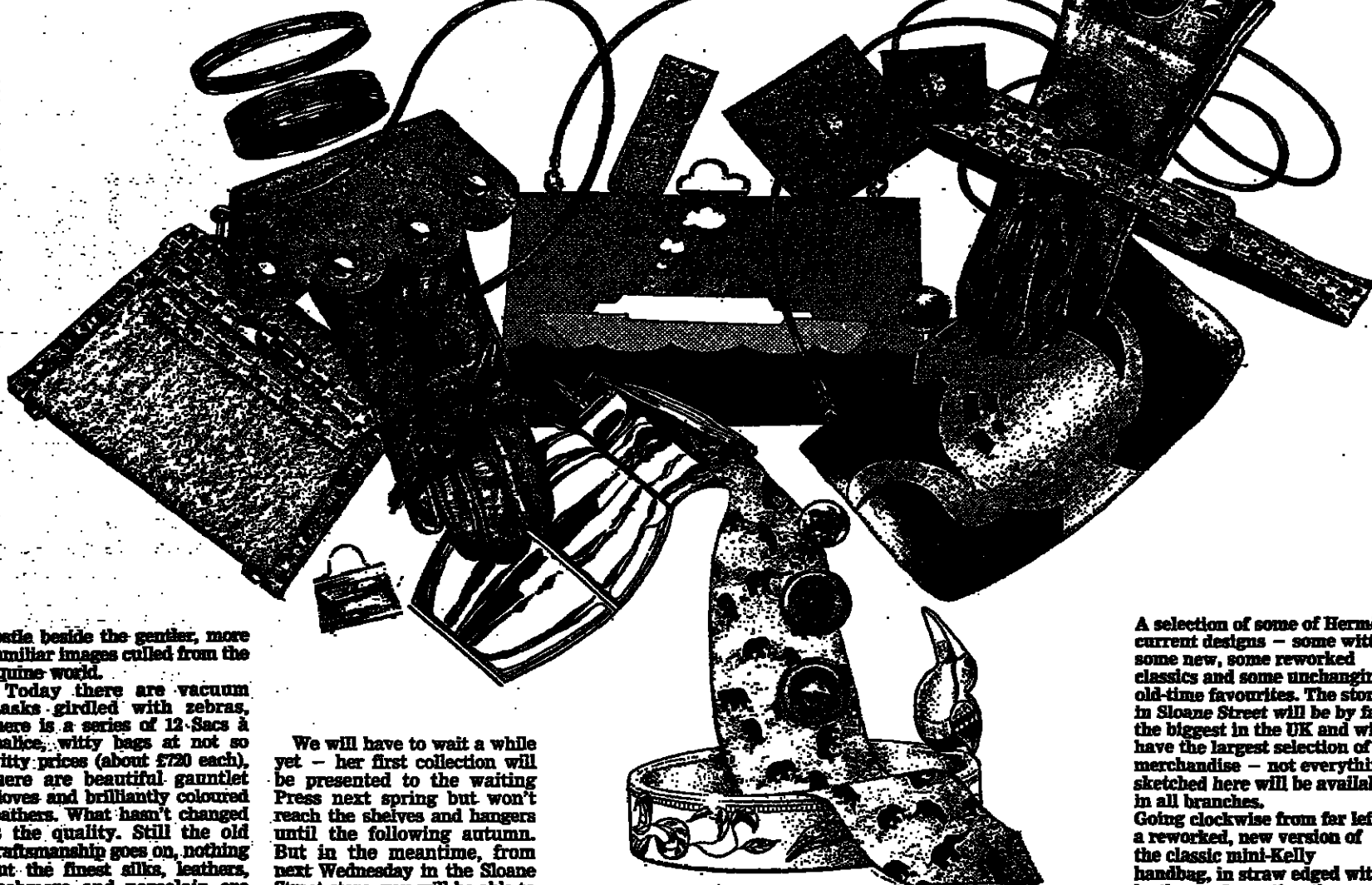
HOW TO SPEND IT

Lucia van der Post on a new London store for Hermès, the renaissance of Lloyd Loom furniture and some seasonal goodies

The high temple of Bon Chic

HERMÈS, as all the world must know, is more than just a purveyor of silken scarves and ties to the international jet-set.

DRAWING: JAMES FERGUSON



Where else, after all, would you go for Marie-Chantal's 18th birthday present (shall it be a scarf or the famous *chaîne d'homme* bracelet)?

To the English, however, Hermès has always been where SHE-buys-herself the symbolic badge of Sloane Rangerdom, the heavy silk twill headscarf, and where a certain sort of well-heeled Englishman buys his tie.

To those who know nothing of Hermès beyond the scarves and the ties, and who perceive the Hermès style as a hulk of staid classicism, much of the merchandise will come as a surprise.

Just beside the gender, more familiar images culled from the equine world.

Today there are vacuum flasks gilded with zebras, there is a series of 12 Sacs à malice, witty bags at not so witty prices (about £720 each), there are beautiful gaudy gloves and brilliantly coloured bathers.

But though the Hermès accessories have always been considered *sans pareil* the same could not be said of the clothes. Currently the fashion world, in Paris particularly, is waiting to see what Hermès might reveal.

We will have to wait a while yet - her first collection will be presented to the waiting Press next spring but won't reach the shelves and hangers until the following autumn.

Meanwhile, the New Bond Street shop (at No 155), where it serves an international customer, goes on. So, too, does the small City shop at 3 Royal Exchange, London EC3 and the branch in Harvey Nichols.

Though Hermès has never been known for its low prices, there do not seem to be a barrier to those who love the Hermès style. You may be as amazed as I was to learn that the famous Kelly handbag - so called because when Princess Grace was photographed with it it kept immediately into the realm of myth and became a high-profile status symbol - is still so desired, even at £1,200 for the lowest-priced version, that there are waiting lists for it all over the world.

The heavy silk ties with the characteristic intricate designs are £50 a time. A Hermès tie, according to the sadly troubled fashion newspaper, W, is the "symbol of the achiever," speaking of modern, vibrant money.

THE scarf, in handrolled pure silk twill, it is unmistakable, sported by the famous and much-photographed from Windsor to San Francisco. At £110 each (if you don't mind about having the latest designs you can buy them cheaper in the duty-free shops at airports).

Queen) have been known to collect them. Warm, subtle and infinitely caressing are the silk and cashmere scarves at £190 each. Wear them a hundred different ways: teenagers slot them through their jeans, regal heads tie them classically.

Costume jewellery is a growing fact. In France the *chaîne d'homme* bracelet is a classic 21st birthday present, but there is much else besides. Look for the hunting earrings - easy elegance for £36 a pair, the enamel bracelets (£180) sporting the exotic motifs (zebras, elephants, toucans) that have proved so popular on the ties, or a "silvery" horsey bracelet, perfectly encapsulating the classic equine heritage of Hermès for just £160.

Embroidered velvet slippers are winners - £135 a pair. If really stuck, though I can't think why you should be, you can always settle for some of the house perfume - a big and generous bottle of Calèche (from £15), Equipage (from £15) or Parfum d'Hermès (from £17.50).

Cookery

Tid-bits to get your teeth into

Philippa Davenport cooks up some canapés for Christmas

NO SOONER are the bonfires of Halloween and Guy Fawkes reduced to dying embers than the inexorable passage of Christmas gets into full swing.

The theatre and dinner party scene is beginning to warm up nicely. But first come the drinks parties, the most practical and popular means of gathering together large numbers of friends at one fell swoop.

Professional caterers such as food and wine merchant Duff & Trotter (tel. 01-237-2770) find that although I call classic classics, such as smoked salmon canapés, cheese sables and cocktail sausages with mustard dip are still popular, there is also a demand for what might be described as nouveau classic: delicacies like sticks of chicken satay with peanut dip, stuffed cherry tomatoes, miniature *chèvre* tartlets, crab and ginger samosas, magret of duck cooked in honey and soy, mini-salmon fish cakes, and king prawns in a dill marinade wrapped in mango-tort.

deal easier to restrict the menu to just one or two items. If you want to pull out all the stops you could hardly do better than serve nothing but vodka, champagne and caviar. All three ingredients should be top quality and provided in unstinting quantities, of course. Few things are more depressing than the sight of a small, lone plate of canapés topped with blackberry-sliced portions of caviar, or having to make one glass of champagne last all evening.

On a much more modest scale, recently I served nothing but wine and variations on bruschetta. I brushed thin slices of French bread with good olive oil and griddled them until golden. Some of the slices were rubbed with garlic. Some were topped with sautéed and crushed chicken livers, some with warm slivers of tomato plus basilweed, others with slices of barely molten goat's cheese with a pinch of fresh thyme and halved walnut.

Here are a couple of other ideas gleaned on a recent trip to Canada. WILD RICE AND PORCINI TARTLETS After an amazing day in the Shoal Lake area of Ontario, from where the best wild rice comes, we dined and stayed the night at the island summerhouse of one of the wild rice producers, Bill Ratuski and his family. This is my stab at re-creating the delectable and unusual cocktail savoury his daughter, Andrea, conjured up for us using "the caviar of grains."

For the pastry: 10 oz flour; one tsp freshly-grated Parmesan cheese; 2½ oz each butter and lard; about 2½ tbsps of

water to bind. For the filling: 3 oz wild rice; 1 oz dried porcini, soaked in six tbsps of port plus enough warm water or stock to make one pt in total; three-four shallots; 1 oz flaked and toasted almonds; about four tbsps freshly grated Parmesan cheese; a little butter, port and fresh dill.

Wash the wild rice and cook it in the liquid in which the mushrooms were soaked, letting it simmer for 25 to 30 minutes, then leave it to stand in the covered pan for a further 25 to 30 minutes before draining and fluffing. Make the pastry and use it to line two dozen small mince pies or tartlet tins. Blind bake until cooked thoroughly and crisp right through.

Chop the shallots finely and cook them in a generous knob of butter until soft and pale gold. Add the drained and chopped mushrooms and continue cooking gently, just stirring occasionally for a minute or two.

Four on four tbsps of port and let it bubble up. When the liquid is almost evaporated, remove the pan from the heat and stir in the cooked rice, then the nuts and the Parmesan to flavour and bind the mixture. Season lavishly with salt and pepper and a tablespoon or two of fresh chopped dill. Everything up to this stage can be prepared ahead.

To serve, first reheat the tartlet pastry cases, then spoon the filling into them and warm through in a low oven for about 15 minutes. CANADIAN CANAPÉS This is my interpretation of a delicious *bovme bruché* cooked by Anne Ratuski. The ingredi-

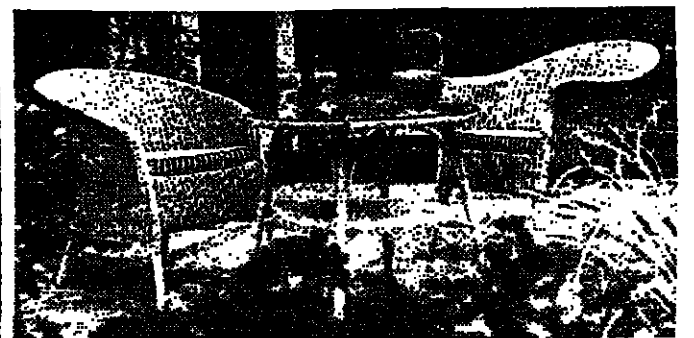
ents may seem a little odd to British cooks, but I think you will agree that the results are really rather special. I have Empire, an admirably crisp and juicy fruit which is grown widely in Ontario and which is starting to be imported to the UK. Look out for it in the shops.

One large white tin loaf; 3 oz soft butter; one slightly heaped teaspoon of caraway seeds, toasted lightly and crushed; 6 oz Cheddar cheese; two Empire (or other crisp, sharp and juicy) dessert apples; one tsp Dijon mustard; ½ tsp of honey; five-six tbsps of mayonnaise (shop-bought will do).

Slice the loaf fairly thinly and use a two-inch scone or biscuit cutter to stamp out about 55 fluted rounds of bread. Toast lightly on both sides and set aside to cool. Crush the caraway seeds to a coarse powder with pestle and mortar and mash a teaspoonful of the spice into the butter.

Put another hefty pinch of the spice into a mixing bowl. Add the mustard, the honey (warmed to make it runny and easy to measure) and the mayonnaise. Mix well. Peel, core and grate the apples and grate the cheese. Mix these two ingredients together, then season and bind them by stirring them into the mayonnaise.

Spread each bit of toast lightly with the caraway butter, then with the cheese mixture. Everything up to this stage can be done well ahead. When ready to serve, grill the canapés gently until the toast pieces are warm and the aromatic topping is golden and blistered lightly.



Lloyd Loom is reborn

THE FASHION for Lloyd Loom furniture has been gathering space for many years now, so much so that by now I imagine most antique shops have long been emptied of original examples of this famous breed. Those who have neither the time nor the inclination to set out on a protracted search for these wonderfully nostalgic pieces might like to know that the technique has been revived, and that there is now a permanent modern source.

Back in 1908 an American called Marshall B Lloyd invented the technique of making furniture from delicate bentwood frames with woven fabric of twisted paper reinforced with steel wire. He coined the famous phrase "A Heart of Steel in Every Upright Strand".

In 1922 William Lusty and his four brothers bought the manufacturing rights and started producing the pieces in the East End of London. During the 30s, 40s and 50s they became a fixture in almost every well set-up home, prized for being both sturdy and eco-

nomical. But gradually their very prevalence led to their charm being rather overlooked and eventually production ceased. As prices for old Lloyd Loom pieces began to rise two of the original Lusty's descendants have got together and started to revive production, making a few classics, all in the authentic traditional way.

To start with there are four basic items: an ottoman with a padded seat (19 in high by 36 in wide, £170), a matching table (23½ in high, 24 in diameter, £130), and two sizes of chair, each with an upholstered cushion (£140).

All are made in a pearlescent white woven fabric, upholstery is in strong cotton striped with burgundy, blue, green or beige.

Pieces are due to go into major furniture stores throughout the country in the first week of December. For details of local stockists write to Sarah Lusty, Lusty's Lloyd Loom, Hoo Lane, Chipping Campden, Glos GL55 6AU. Tel. 0386-541333



Buying a better basin

PROPER Christmas puddings come in one old-fashioned brownie-beige pudding basins, just like the ones they all used in Upstairs Downstairs. As all the shops get ready to wallow in an ocean of Edwardian sentimentality for the coming festivities get yourself in the right frame of mind with a bit of old-fashioned pudding stirring.

Heritage Housewares, having noted that nobody wants anything new-fangled for the seasonal pud, have produced a range of authentic traditional basins in three different sizes: two-plate, one-plate and 1½-plate. They sell at about £3.99, £2.99 and £1.99 each. Find them in a wide range of shops including Tesco, Debenhams, Robert Dyas and Alders.

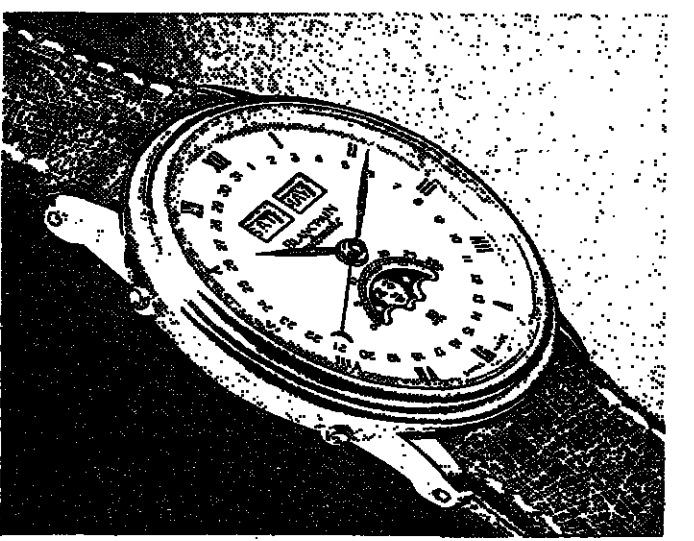
Warm fires from hot news

WHEN researching a piece a few months ago on how to dispose of rubbish I searched in vain for a source of that ultimate device to please those who hate waste - one of those old-fashioned devices for turning newspapers and other waste paper into slow-burning logs. This week I finally discovered somebody who sells it - British Wildlife Promotions of London House, Pewsey, Wiltshire SN9 5AB, tel. 0672-62011, or 31 Curzon Street, London W1Y 7AE, tel. 01-493-1175.

I have to say that I haven't tried it and it doesn't look like the sort of device to appeal to those who are short of time, but those with too much waste paper and a little time on their hands might like to have a go. The literature informs me that it takes less than a minute (using well-soaked paper) and roughly one recycle of waste paper into slow-burning logs. This week I finally discovered somebody who sells it - British Wildlife Promotions of London House, Pewsey, Wiltshire SN9 5AB, tel. 0672-62011, or 31 Curzon Street, London W1Y 7AE, tel. 01-493-1175.

If you don't like the idea of burning waste-paper and would rather recycle it, you can buy (for £18.50) from the same source, a kit for turning old newspaper into paper you can use again.

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ARTS

Saleroom Every picture tells a story

THREE months ago, James Miller, of Sotheby's British paintings department, had no idea what he would be selling off next Wednesday in his major autumn sale in London.

All three have intriguing backgrounds. There might not be much mystery now about the British Rail Pension Fund's eruption into the art market in the 1970s, when art suddenly seemed a good investment; but, as the fund sells off its acquisitions steadily, out come the calculators to assess if wise choices were made at that time.

The fund is disposing of five pictures next week, all of high quality and all expected to do well. A family portrait by Arthur Devis, which cost £58,000 at the famous Dick sale in 1975, should now make £300,000.

The most interesting painting sent to auction by the fund is a view of the Thames at Twickenham painted around 1720 by Peter Tillemans and showing, among grander houses, the villa of the poet Alexander Pope.

In fact, the fund approached English Heritage earlier this year because the natural home for the Tillemans is Marble Hill House in Twickenham, which EH administrators, however, EH was more interested in hunting down the two missing panels.

The exceptional quality of many of the paintings in this sale has started a scare about the possible loss of some of the best overseas. The US in particular, but also Japan, are interested in the big names of international art, such as



"Prinzie" as the victor of Waterloo by Lawrence - his first portrait of his patron

Gainsborough and Reynolds. However, Miller points out that the other two major collections which have been out of the country for half a century or more.

Around 20 are being sold by the Palace Foundation on behalf of the estate of Robinsoy family, Sir Joseph Robinson, who made his fortune in South Africa in the early years of the century, was an avid buyer of 18th century British art when it was extremely expensive.

Antony Thorncroft reports on an unexpected bonanza for Sotheby's

them and, at the auction, bought most of them back. His masterpiece was a Gainsborough portrait of Mrs Drummond, which sold for a tremendous £8,570 an long ago as 1883.

This flood does not worry the salerooms. The new rich may not spend much of the money they have made in the past decade on art, but when they do, it is likely to go either into modern British paintings or these grand 18th century portraits. The latter provide an instant stake in the heritage of the nation and also enable the new rich to furnish the manors they have bought for their weekend retreats. It is a repeat of a century ago when the

industrial tycoons of the UK and the US in their hunt for roots, suddenly pushed 18th century portraits to price levels that have still not been equalled in real terms.

The third collection at Sotheby's reflects this hunt for ancestors. It is being sold by the John Hopkins University of Baltimore, which inherited it from James R. Herbert Boone, a local patriot. He traced his descent from the Herbert family, of Wilton House fame, while his wife claimed Dundas forefathers.

Between the wars, they bought many portraits of their "families" - including a Van Dyck of Philip Herbert, Fourth Earl of Pembroke, for £1,720 in 1933; this could make £300,000 next week. It is a pity that James Boone is not alive for, by chance, one of the Robinson pictures on offer is a Van Dyck of another member of the Herbert family. Sotheby's hopes that some of the minor Herbert paintings may be acquired by the present generation bearing the name.

It is hard to get worked up about the possibility of these paintings going abroad, there is one that will have the National Heritage Fund, the National Art Collections Fund and the big museums on red alert. It is the first portrait that Sir Thomas Lawrence did of the Prince of Wales, later King George IV. He was reluctant to sit for the artist, but when he saw the completed work, depicting him as the victor of Waterloo, erect in field marshal's uniform with the smoke of battle fading away, he would have no other propagandist.

This portrait led Lawrence to such commissions as the portraits of the Allied leaders of Europe which hang in the Waterloo Chamber of Windsor Castle. It has been in the Londonderry family, and although it carries a top estimate of £800,000 and will certainly go for much more, it must stay in this country.

Records

New gem by Britten

IT IS said that an envious contemporary once remarked of Benjamin Britten: "He only has to sneeze and it's recorded." If that is how other composers felt then, it would be interesting to hear what they think now.

A decade and more has passed since Britten's death and yet the stream of first recordings of his music is flowing as freely as ever. The latest discovery is a major find, which lasts - paradoxically - just three minutes. The Serenade for tenor, horn and strings has never seemed anything other than a complete and enclosed work, but earlier this year an extra song of seven part-songs, on which the composer was working when he arrived in the US in 1939, with the title A.M.D.G. (Ad Majorem Dei Gloriam).

Their religious mood is much as the title may suggest. The poems of Gerard Manley Hopkins shut out the human relationships that Britten normally preferred in his choice of texts and concentrate instead on the single-minded devotion of man to his God. With this material the composer thus faced a sterner challenge than usual and for that reason alone the work would be an interesting one for academic study, even if the music was not as fine and original as it turns out to be.

Unfinished though it may have been, A.M.D.G. is very nearly Britten out of the top drawer. Its ideas are strong and simple, the music strikingly interpreting the essential thought within each of the poems. In "God's Grandeur," the most arresting of the seven, Britten typically takes the rhythms of the words in

together for a short animated film. I enjoyed a couple of isolated orchestral songs of Britten's. He only has to sneeze and it's recorded." If that is how other composers felt then, it would be interesting to hear what they think now.

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the opening line and plays them over and over until they reach a pitch of frenzied excitement. Britten the whole, a fine and intellectually rigorous piece that rewards repeated listening.

As to the performances, I wish I could endorse the enormous enthusiasm registered elsewhere, but it seems to me that the idea of a men's and women's choir just fail to knit together into a single musical unit as the best of our smaller professional choral groups do.

Two other recent discs featuring Britten and choral music are worth a mention. On one (Philips 420 157 2) there is a new recording of the Op 23 pieces for two pianos. The Introduction and Rondo alla Burlesca and the Mazurka elegiaca, played by Sviatoslav Richter and Vassili Lobanov. This is engaging music, polished with the finest technical shine, worthy of investigation, though prospective purchasers should note that the main item they will get on the disc is a lugubrious account of Bartok's Sonata for Two Pianos and Recording.

On the other, another recording of the favourite Simple Symphony (DG 429 634-2), given by the Orpheus Chamber Orchestra, playing as usual without a conductor. Here the musicianship is of exemplary technical standard, the interpretation true. The only drawback is a tendency, still more marked in their Prokofiev and Elzet, for the performances to sound a shade dogmatic. If that is a result of interpretation by committee, it is a democratic luxury I would prefer to be without.

Richard Fairman

Unlikely saviour of the screen

Simon Tait talks to Dick Ross, Professor of the RCA's film and television school

WHEN Dick Ross gave up producing The Nine O'Clock News to take up the Royal College of Art's Chair in Film and Television, he wrote to his mother in New Zealand. She wrote back, "Dear Son. Thank you for telling me about your new job. I am appalled at the standards of higher education in Britain that they take a university dropout for such an important position. By the way, there's one 'off' and two 'esses' in professor."

That was in 1980. At next week's Lisbon Film Festival there is to be a three-night screening of the Dick Ross Years of award-winning RCA films: for this crazy Kiwi with a penchant for parties may be the most unlikely saviour of the British film industry.

Those years have seen the RCA film school flourish to a point of closure to being the most award-laden in Europe, with the latest tally making 169 prizes. "Somehow he's performed a miracle," said his production manager, Derek Walker.

Ross has transformed the school from a "scandalous" free resource for young film makers on post-graduate grants into a production company to which he has brought the industry to see, advise and buy. A tenth of his costs comes from the college budget, the rest from the industry; a third of the films are sold. Meanwhile, he has had a cut of 68 per cent since 1980 and his annual budget has been frozen at £20,000 since 1984, enough to make up to 20.

It seemed an eccentric appointment. "I got it because I was the one person the academic world could afford to lose because nobody had ever heard of me. Effectively, I was brought in to close the department down." He found himself with 40 students, about five of whom wanted to learn about film making, so he concentrated on them. "You've never had a professor before, I've never been a professor before," he told them. "I don't know what's going to happen, but let's find out. Let's make movies."

They made movies, with increasing success, to 1984, ENGLISH SPORTING art is a completely indigenous tradition, with little attention to detail. Part of the old prejudice derives from the predominant documentary element in English sporting painting. The rural gentry who commissioned the artists were rarely patrons of the arts in any other respects: their main concern was to record as accurately as possible the horses and hounds that were a symbol of their standing in the county.

Hence the most prized attributes of a sporting artist has always been his truth to life and anatomical knowledge. J.N.P. Watson is not, for instance, too much impressed by the paintings of the father of English sporting art, John Wootton: "If those racehorses really looked like that, they would not only have been small slow but prone to every sort of unsoundness."

Similarly, Edward Horswell, in his chapter on sporting sculpture, implicitly deplores the influence of Impressionism on the sculptors of the day: "Their work becomes looser, more sketchy, executed rapidly

when the cuts hit still, they were the latest single winner of awards in the short film category at the Chicago Film Festival last year with 26, including a gold Hugo, the short film Oscar. They won a British Academy Award in 1986 for La Boule, later seen on Channel 4.

In 1986 he took a sabbatical to Cannes, the first school to do so. "We dived into the deep end and emerged having sold about £50,000 of product; about three years' work of budget; a sales agent handling our short films worldwide; and sales in Japan, France, Germany, Australasia and the US." He hopes to be there again next May with a half-hour drama called Tadizman, starring Ray Brooks, by Lance O'Connor, one of the star producers of the current course.

The producers' course is a new one, prompted by David Putnam. "I said, we've got to do something about directors, and he said 'Stop worrying

about directors. Britain's got far too many. What it needs in young creative entrepreneurs capable of generating the opportunities for directors to direct."

Putnam spoke to Goldcrest, who sponsored a guinea pig student, Simon Eden, with the richest scholarship the college had ever had. Eden made five films, each one of which won an award. He is now back helping with the unique producers' course, now halfway through its first two-year session. "We don't have a studio system in this country," says Ross. "The British film industry is a cottage industry at best, and if these people are going into British films at all it's into production, because that's all there is."

Ross calls it an "MA in high-class hustling." "Students wear ties, are polite; the producer guest is impressed. He says, 'See, what a bright lad, he understands what contracts

and finance are about, and the nature of insurance - could we assist with one of his projects?' and suddenly I found that this student alone was generating the money," Lance O'Connor got £100,000 for his film that way. "If you could plug into Lance you could light Birmingham."

Most of his own time is spent hustling. "We receive well in excess of a quarter of a million in facilities - filmstock, processing, final prints, lights and so on. A sponsor who gets his name on the end-credits knows it's going to be seen in five or six countries, knows that any good product gets sold to TV somewhere."

About the time of Cannes 1986 another blow fell. The course was cut from three to two years. "A national scandal," said Ross, and dealt with it by scrooping holidays. Then he re-joined the department with managers instead of tutors, so the industry recog-

nises the set-up when it comes in. They get workshops from the likes of Putnam, Alan Parker and Alan Marshall, not to mention editors, lighting men and camera operators who volunteer their help and spot the talent. Now 85 per cent of students get jobs within a year of graduating.

"We are a sort of treasure. We're the most potent form of communication in the world and we should train people to the highest possible standard, and possible to me is the impossible," says the professor.

"We have probably the most appalling working conditions in education here. The roof leaks, we don't have a lavatory, the drains block regularly, water pours down over the power transformers, we have cockroaches who wait for me to turn the lights out so they can get the crumbs. But the world knows we're up and running and I think that's an amazing accomplishment."



Dick Ross outside the RCA's film school: a Grade II listed preface designed by Brunel for the Crimean War

Collecting

Take a sporting view

Museum at Newmarket. Part of the old prejudice derives from the predominant documentary element in English sporting painting. The rural gentry who commissioned the artists were rarely patrons of the arts in any other respects: their main concern was to record as accurately as possible the horses and hounds that were a symbol of their standing in the county.

Hence the most prized attributes of a sporting artist has always been his truth to life and anatomical knowledge. J.N.P. Watson is not, for instance, too much impressed by the paintings of the father of English sporting art, John Wootton: "If those racehorses really looked like that, they would not only have been small slow but prone to every sort of unsoundness."

Similarly, Edward Horswell, in his chapter on sporting sculpture, implicitly deplores the influence of Impressionism on the sculptors of the day: "Their work becomes looser, more sketchy, executed rapidly

with little attention to detail." This dedication to realist detail has made sporting painting the most traditionalist branch of art, as numerous illustrations in the book clearly demonstrate. There is an unbroken line of descent from the racing scenes depicted by J.F. Herring Sr, who was active in the 1830s, to those of Lionel Edwards, the ideal of most contributors to this book, 100 years later.

Sporting paintings tend to incorporate quaint humour - the pictorial equivalent of the hours of yams and laughter over the port at the end of a day's sport. Robert Surtees' Mr Jorrocks - portrayed by John Leech - was the prototype of generations of new rich sportsmen whose misadventures in the field delighted their social betters. Later artists like Cecil Aldin and "Snaffles" (Charles Johnson Payne) maintained the tradition in the present century.

We can identify two principal watersheds in sporting painting, which to a very large

extent in Britain means horse painting. The first was the ascendancy of George Stubbs when Basil Taylor has called "next to Leonardo da Vinci, the greatest, painter-scientist in history."

Stubbs' magnum opus, "The Anatomy of the Horse," published in 1766 with plates etched by Stubbs himself, was the outcome of 18 months' seclusion on a Lincolnshire farm, systematically dissecting and drawing equine carcasses. It was to be a permanent influence on artists, bringing new standards of anatomical observation.

The other revolution was brought about by the work of an English-born photographer, Edward Muybridge, who succeeded, before the cinema, in recording animal movement in rapid series of photographs. As Stubbs had revolutionised the depiction of the static horse, Muybridge's photographs changed perceptions of the motion of the horse and finally gave the lie to the traditional fashion of depicting the mov-

ing animal with legs outstretched like a rocking horse. Collecting working conditions in education here. The roof leaks, we don't have a lavatory, the drains block regularly, water pours down over the power transformers, we have cockroaches who wait for me to turn the lights out so they can get the crumbs. But the world knows we're up and running and I think that's an amazing accomplishment."

Janet Marsh

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Chess

To find the nearest comparison, you have to go right back to Bobby Fischer's emergence late in 1957 when he won the US Open and closed in the space of six months. Fischer was then approaching 15. Probably only three other players - Spassky, Mecking and Kasparov - have ever reached 2,500 before age 16.

Judit's next tournament is at the women's olympics in Thessalonika, Greece, this month when the Hungarian women's team will consist of Polgar, Polgar and Polgar - eldest sister Zsuzsa, 19, the best woman player in the world outside the USSR, will be top board - and where the Russian team which has dominated female chess for decades will at last face a serious challenge.

Beyond that, the invitations are sure to follow for Judit to take on the elite of men's chess. The odds are good, for she is already exceptional at speed games at five minutes each on the clock, another hallmark of many great prodigies. Fully a year ago when British No. 3 John Nunn visited Budapest, he agreed to play a 10-game blitz match against Judit. To his astonishment, he found himself 0-3 down and had to pull out all his grandmaster skills to win 6-4.

In style of play, so far, she is closer to Capablanca and Karpov than to Fischer or Kasparov, with a flair for queenless middle games as in this encounter, where she defeated Yorkshire's leading expert.

White: Judit Polgar (Hungary). Black: A. J. Dunnington. Modern Defence (Duncan Lawrie, London 1984).

1. P-E4, P-KN3; 2. P-Q4, B-N2; 3. N-Q3, P-QB3; 4. B-E3, P-C4; 5. Q-Q2, P-P; 6. N-E2, Q-Q2; 7. O-O, K-N3; 8. N-N3, K-E3; 9. N-B3, O-O; 10. N-E3, B-E3; 11. K-N1, P-QR4.

Black has set up a solid defensive formation, but here and in the next few moves he loses too much time in a harmless queen's side advance. A better plan was N-Q2 to exchange pawns.

Chess

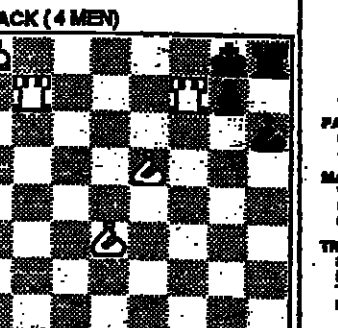
12. B-H4, P-E4; 13. P-KB3, P-E4; 14. P-E3, Q-R4; 15. Knight retreat is still best; 16. she is already exceptional at speed games at five minutes each on the clock, another hallmark of many great prodigies.

White: Judit Polgar (Hungary). Black: A. J. Dunnington. Modern Defence (Duncan Lawrie, London 1984).

1. P-E4, P-KN3; 2. P-Q4, B-N2; 3. N-Q3, P-QB3; 4. B-E3, P-C4; 5. Q-Q2, P-P; 6. N-E2, Q-Q2; 7. O-O, K-N3; 8. N-N3, K-E3; 9. N-B3, O-O; 10. N-E3, B-E3; 11. K-N1, P-QR4.

Black has set up a solid defensive formation, but here and in the next few moves he loses too much time in a harmless queen's side advance. A better plan was N-Q2 to exchange pawns.

Leonard Barden



Black (4 MEN)

White (5 MEN)

ROW noted, which looks like an over-the-board game where Black has been slow to resign. Solution Page XXXII



ARTS

Goya, the voice of conscience

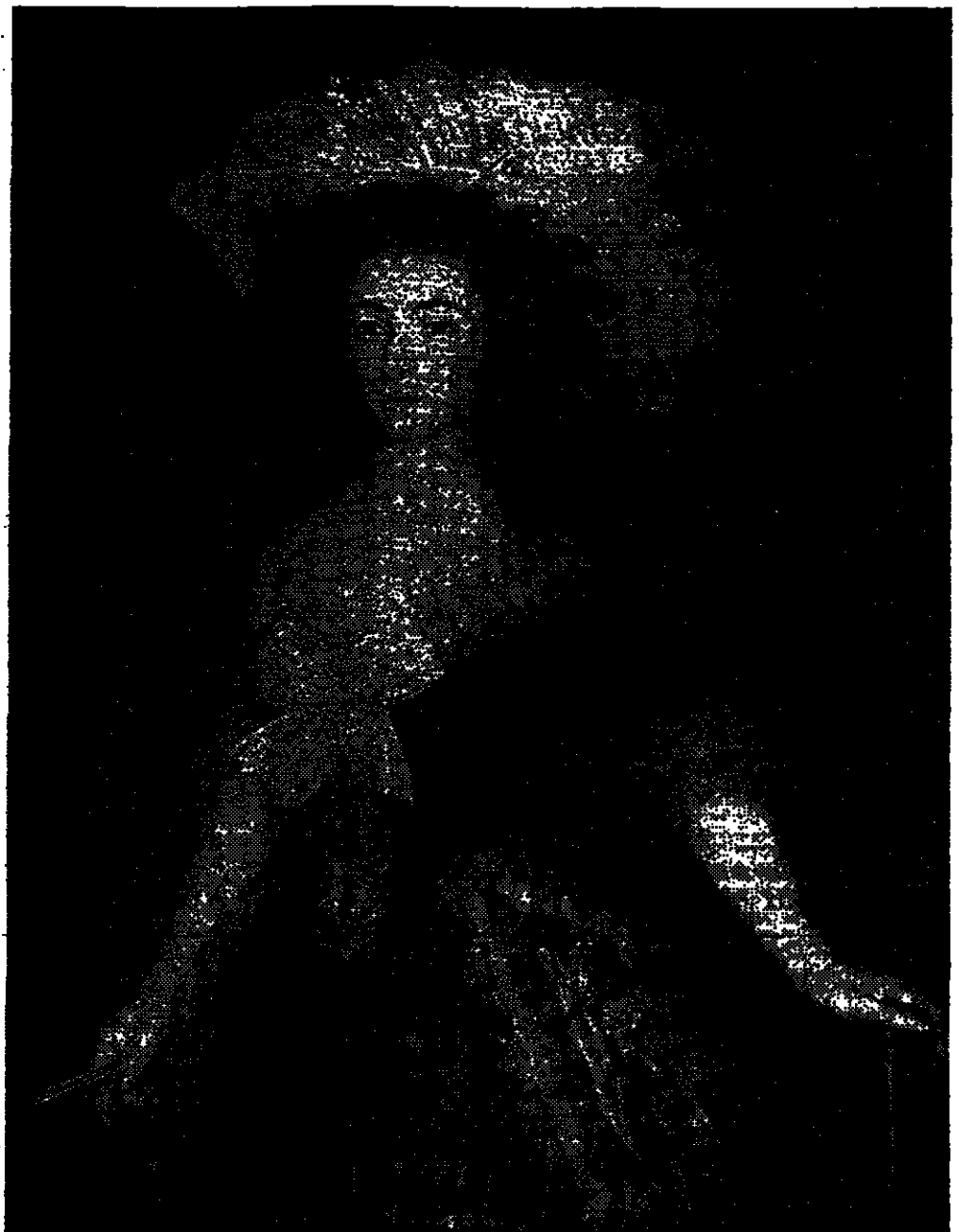
Susan Moore visits an exhibition at the Prado Museum, Madrid

GOYA HAS traditionally been seen as an isolated genius, his satirical subject-matter and powerful imagery the creation of his own extraordinary imagination. In reality the artist's preoccupation with the superstition, ignorance and history of "black" Spain owed a great deal to the liberal despots, the reforming lawyers, writers and businessmen who dragged Spain into the modern world.

Similarly, there seems to be no barb to his Winter tapestry cartoon of "The Wounded Mason." A new edict on safety in the building industry may have been seen as a model of enlightened legislation, but any serious intent must be discounted in the face of Goya's reworking of the composition as "The Drunken Mason."

It is tempting to see the year 1782 as the watershed. Spain, already shocked by the French Revolution, reeled again at the rise to power of Maria Luisa's universally loathed cousin, Godoy. Goya, by now an immensely successful painter to the royal household, suffered a breakdown and serious illness that left him permanently deaf.

After 1782 Goya turned to more personal projects that gave free reign to his imagination, to drawings and to engraving. "Los Caprichos" can be read almost as a liberal manifesto, albeit one without hope. Published in 1799, but withdrawn under threat from the Inquisition, the satirical plates are a searing attack on vices, injustice, religious fanaticism, prejudice and sexual mores.



The most enlightened woman in Spain: Goya's portrait of the condesa-duchessa de Benavente

that left both sides as bestial as one another, and to the ultimate disaster, the restoration of a reactionary monarchy under Ferdinand VII. These themes occasionally emerge in late, private paintings, the wretched Colossus striding blindly across the plain with its panic-stricken populace; the voluptuous Maja resting on her balcony with a hag/procurer; a prison interior.

All the while, official portraits continue. Goya was slow to mature artistically. If he had died in 1792, he would be remembered only as a painter of promise. The artist who brought us the puppet-like duque de Osuna came to create such masterly studies as Chinchon, and the remarkable image of himself suffering during another near-fatal illness, feverish and swooning, gripping the bedclothes. It is missing the point to say that he remained an uncertain draughtsman. He was a rare spirit who came to understand the complexity of the nobility and baseness of man.

The exhibition moves to the Museum of Fine Arts, Boston (January 18-March 26) and the Metropolitan Museum of Art, New York (May 9-July 16).

Pollini's Schoenberg

THE SOUTH Bank Schoenberg Festival brought Maurizio Pollini to the Festival Hall to play three of Schoenberg's piano works: the Six Little Pieces Op. 11, Five Pieces Op. 23 and Two Pieces Op. 35. It would have been in order for him to give the other two piano opuses - the Three Piano Op. 11 and Suite Op. 25 - and so present the complete oeuvre. Instead his programme concept afforded a consideration of piano music which went before Schoenberg (Brahms's Four Pieces Op. 119) and which came after (Stockhausen's Piano Pieces V and IX). Beethoven's Appassionata sonata was somewhat gratuitously thrown in at the end, but it certainly pleased the crowd. I should add that Pollini has already performed Schoenberg's Op. 11 for the Festival, while Bernard Roberts will be playing the Op. 25 suite in the Purcell Room on Monday.

There was of course nothing crude or eccentric, but that C-sharp minor quartet has rarely sounded so unchallenging and painlessly smooth. What used to seem light, taut precision now seemed merely lightweight. Their two op. 18 quartets, the C minor and the F major, lost less (having less to lose) and boasted some creditably attractive playing, especially on records, for it has never cultivated a large sound or bold dramatic effects. Nor have those been missed, given the Quartet's exact subtleties; but on Thursday they offered less subtlety than manzanilla and scant indication - even in the great op. 131 quartet - that the music was being vitally thought through.

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Beethoven quartets

THE ALBAN Berg Quartet has begun their complete cycle of Beethoven's string quartets in the Queen Elizabeth Hall. It was not an auspicious beginning, but perhaps it was only an off-night (let lag?). This ensemble has long been admired in the classical repertoire for finesse, clarity and judicious sense of proportion - especially on records, for it has never cultivated a large sound or bold dramatic effects. Nor have those been missed, given the Quartet's exact subtleties; but on Thursday they offered less subtlety than manzanilla and scant indication - even in the great op. 131 quartet - that the music was being vitally thought through.

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Stars shine in Beckett

Frank Lipsius on 'Waiting for Godot' in New York

WAITING FOR Godot at the Lincoln Centre was bound to be the hottest ticket in New York this season. Performed in the small, 300 seat Mizz E. Newhouse theatre by a cast of Hollywood stars, Mike Nichols' production is scheduled for only seven weeks to let its principals, Steve Martin and Robin Williams, go back to earning real money. Meanwhile, they bring the panache of their standup comic personas to Beckett's marvelously malleable text.

recent hit film, Good Morning, Vietnam, Williams could claim he is downright restrained. Steve Martin turns Vladimir into a robust, familiar, slightly bombastic character with complete fidelity to the lines. He assumes Vladimir has some affliction that forces him to grab his crotch at regular intervals, but the words are sacred.

into a dirge. Williams and Martin follow more in the tradition of the great comic Bert Lahr; the first American set looks so much like a romanticised American desert it could be a Sam Shepard play. Besides the star skulls, the sandy road is surrounded by a large tractor tyre and a couple of burned out campfires. Far from accepting the desolate monochrome Beckett ordained, Nichols specifies America by referring to Napa, California's wine growing region. The playbill notes that the text was provided by the author in August 1968, presumably for this production. But the change of locale was probably not among the playwright's alterations, which are unnoticable. For an American audience, the production rescues profundity from boredom while showing the very best a polished music hall veneer can do for a classic text.

Yet throughout the production Williams does a complete pantomime with only slight reference to the text. When Vladimir hurriedly exits, Williams stuns him, laughing, lifting his leg and scratching the ground like a dog. He picks up a steer skull and addresses it like Hamlet or moves the jaws like a ventriloquist. To get Lucky to stop talking he shouts out "you're a liberal" in a mocking reference to the presidential campaign.

After improvising most of the long monologues in his

After improvising most of the long monologues in his

Filial relations debunked

Michael Coveney reviews a new play at Cheltenham

THE EVERYMAN Theatre in Cheltenham is not a venue one would automatically associate with the latest developments on the British stage. But, unlike many a more prestigious regional house these days, it does believe in promoting new work in its main, beautifully renovated auditorium.

gentle bickering between Maurice Callender, Ruth's politically active classic scholar of a husband ("Have you seen my Herodotus?") is one of his less riveting opening conversational gambits, and Maurice's widowed mother, Isobel (Annette Kerr), who believes she is destined for a sheltered home or granny hutch.

anyone because "they left that bit out." At this point I feared that Cheltenham might not be prepared for what was to come. Keith's inadequacies, thank God, prove merely emotional. The play is intent on debunking filial relationships and is full of strong scenes. But Graham Berown's leisurely, indulgent direction, only underlines the major flaw. That is, the inability of the playwright to write in longer, more continuously interlocking episodes. Each development is contained in a little playlet that is then added to the pile of building blocks during a black-out and an aggressive burst of Vivaldi's Four Seasons.



Deborah Poplett and Martin Barriss in 'Acts of Kindness'

moment, we know the truth. There is an Ibsenite gravity to these early scenes of bluster and concealment, but without that Ibsenite control over the slow, sustained unravelling of information in a dramatic time-scale. The play is written in gasps, and increasingly hysterical ones.

Towards the end, we suddenly have a political scene in which Maurice (Leon Tanner) laments the Conservative victory of 1987. The Callenders have been hairy thus far over dates. We had no idea all this had something to do with a General Election. Which, of course, it hasn't. But by now Robert Scott is throwing in just about everything, including, not a moment too soon, the towel.

Radio Drama over the airwaves

LAST SUNDAY afternoon's play in Radio 4's (and the World Service's) Globe Theatre season was followed by a 45-minute discussion on radio drama. There were four writers - Shirley Gee, William Trevor, John Mortimer and Anthony Minghella - an actor, John Moffatt, and a critic, Gillian Reynolds, with Leonard Pearcey as presenter.

relevant. I had the same experience long ago when I wrote for radio. My first three plays were accepted and broadcast pretty well as written, though I had done nothing of the kind before.

It happened that he had written that afternoon's play, Cigarettes and Chocolate, which seemed to me one of the best radio plays I ever heard. Both in conception and execution it was profoundly original. Its heroine, Gemma (Jenny Howe), decided after a holiday in Italy, where she had been moved by the beauty of the Sicilian sea, to become a nun. She was a priest, that she would stop talking, just as she had at other times given up cigarettes and chocolate. She tells us some of her thought at the beginning and the end; otherwise we know her only from what others say to her and about her, the dumbest heroine since Katrin in Mother Courage.

ROYAL ACADEMY OF ARTS Open Daily 10-6, Burlington House, Piccadilly, London W1 HENRY MOORE ...exquisitely well chosen and magnificently installed retrospective ...the best opportunity yet for re-assessing his entire career... THE SUNDAY TIMES 16 SEPTEMBER - 11 DECEMBER 1988

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SPORT

There's only one Brian Clough

Philip Coggan looks at one of England's most enduring football characters

IF MANAGERS of England's soccer teams were chosen by popular vote, Bobby Robson would have been out and Brian Clough installed years ago.

What makes Clough's popularity so remarkable is that it has been achieved while managing unfashionable clubs - first Derby and now Nottingham Forest, where the average crowd last year was a meagre 19,670, even though the side finished third.

Over the years, there has been a sea-change in the perception of Clough's character. In his early years, his mannered vocal delivery, his forthright opinions and his arrogant demeanour made him the manager that fans loved to hate.

He was a frequent target for television impersonator Mike Yarwood who once portrayed him as "The Great Clatsky" delivering lines such as "Derby have got a new coach. They knocked my teeth out and put seats in."

Nowadays, Clough has assumed the role of elder statesman. Although he still makes trenchant observations on the game, it is far less clear these days whether he believes what he is saying, whether he is just having fun at his interviewer's expense. Last Sunday, as he presented the Manager of the Month trophy to Arsenal boss George Graham, it was noticeable how, having handed over the award, he stood back from the cameras so as not to steal Graham's limelight.

Elder statesman or not, Clough's style of management can only be described as unorthodox. In Viv Anderson's biography "The one-time Forest full-back describes Clough's penchant for demanding unquestioning obedience from his players."

One morning at training, Anderson says, "it was a really cold day, and we all

had track suit bottoms on. Clough comes along and says "Right, track suit bottoms off, run in and out of these poles for a field of nettles next to the training ground. We were stung to high heaven but we all went - Shilton, Burns, Lloyd, Francis, all experienced internationals."

Anderson became used to Clough's high standards and sharp wit, but other players were less amenable. When Clough departed from Derby after a row with the chairman, he lasted just 44 days at his next club, Leeds, which was used to the rather less flamboyant style of Don Revie.

Derby quickly won the championship under its new manager, Dave Mackay, whereas Clough moved to Brighton, then languishing in the Third Division. Within the year, Clough had moved on to Nottingham Forest, then 13th in the Second Division. He moved without his long-time partner, Peter Taylor, and many predicted that his glory days were over.

Yet within three years of his arrival in Nottingham, Clough had steered the club to a League championship and League Cup double, and followed that up by winning the European Cup, arguably soccer's premier club competition, in each of the following two seasons.

By then, Taylor had returned to his partnership with Clough, but Forest's performance was still an outstanding personal vindication for the manager.

What made it all the more remarkable was that, with the exception of goalkeeper Peter Shilton, the initial success was achieved without any "star" players.



Brian Clough . . . definitely not over the moon

Indeed, Clough seemed to have the ability to take previously mediocre players, push them into new positions and make them perform brilliantly.

John Robertson, a podgy Scottish midfielder, was turned into a devastating winger. Kenny Burns, an aggressive striker, was transformed into a central defender who was made Player of the Year. The untried John McGovern became club captain and heart of the team. Little Archie Gemmill, who some thought was too old for First Division football, ran his heart out in midfield.

Some players seemed only able to flourish under Clough's eccentric guidance. Garry Birtles came from the non-League Long Eaton, became a success at Forest and departed for £1.25m to Manchester United. From the point he left Forest, his career seemed to go downhill.

Similarly, Steve Hodge, the England midfielder, never seemed to settle down at Tottenham Hotspur - he is now back at Forest and showing signs of his old form.

As his original Forest side broke up, Clough seemed to lose his way. He bought expensive strikers - Peter Ward, Justin Fashanu, Ian Wallace - and coaxed few goals out of them. Even Trevor Francis, the first £1m player, proved something of a disappointment because of his susceptibility to injuries.

Clough managed to rebuild his team in the mid-1980s and Forest is now, despite its £1 deficit by Arsenal last Sunday, one of the most exciting teams in the country. If Clough can keep the team together, the

prospects must be exciting - the average age of the squad is just 23.

Perhaps the most impressive player in the team is the manager's son, Nigel. Plenty of people who have felt the rough edge of Brian's tongue must have been relishing the prospect of savaging his son's on-field performance. And comparisons were inevitable - Brian was an extremely successful striker with 261 goals in 274 League games before injury ended his playing career.

Yet Nigel Clough was not only Forest's leading scorer last season, he was the third leading scorer in the First Division. He stands class with almost every other ball in the hall, and although he is believed to lack a yard in pace, he surely deserves an England cap.

Nigel Clough's understanding with the tall midfielder Neil Webb is a key element in the team's success, and behind them in defence Clough has recent England caps Des Walker, Stuart Pearce and the solid Colin Foster. Forest have also produced a succession of tricky wingers, notably Franz Carr and Gary Crosby.

It is hard, looking back over the years, to discern any common thread in Clough's teams - after all, he has been prepared to use central defenders as diverse as the elegant Colin Todd and the lumbering Larry Lloyd.

His teams do tend to keep it simple, relying on fast passing movements to the feet for attack and getting numbers behind the ball for defence. In the last few years, Forest has also consistently managed an excellent disciplinary record.

But what surely must be responsible for his enduring popularity is his ability to produce successful teams, on limited resources, year after year, when some of his former rivals have achieved little with so much more.

By Andrew Longmore, published by Heinemann Kingswood £9.95.

The crippling cost of tennis

ACCORDING to Darwinian theory, only the fittest survive. In the present tennis jungle even the fittest beasts are threatened with extinction. Such fine natural athletes as Boris Becker, Pat Cash and Stefan Edberg have all crawled away to lick their wounds - Becker with ankle trouble, Cash and Edberg with serious knee problems. All have succumbed to the crippling effects of too much tennis on too many hard, unyielding surfaces.

And they are not the only ones. Ivan Lendl had arthroscopic knee surgery 18 months ago and has just had a similar operation to cure a shoulder problem. The new world No. 1, Mats Wilander, is nursing his legs back to health after playing with painful shin splints during his winning run at the US Open.

Anders Jarryd has had two major knee operations in the past two years. Henri Leconte had an operation in February last year to cure a herniated disc. Jimmy Connors must at

last have an operation on his feet which he has been putting off because he knows it might spell the end of his career.

His one-time fiancée, Chris Evert, knows that an operation for a painful heel spur awaits her. Kent Carlsson has had several operations on his damaged knees and now has special dispensation from the Grand Prix administrator to play only on clay courts which are much kinder to the body.

One of the reasons for this lengthy catalogue of suffering is the intensity of competition. Middle order standards have risen dramatically since open tennis arrived 20 years ago so that today even the seeded players are under threat from court one.

How the game has changed. It is almost laughable now to remember that Henri Cochet, that gifted Frenchman of the late 1920s, used to come straight to Wimbledon without any practice on grass. That sort of cavalier approach would be unthinkable today. But December from Lendl, the ultimate professional, spent

The crippling cost of tennis

Christmas and the New Year with his coach, Tony Roche in Australia in order to get used to the new Rebound Ace surface.

These courts, with a thin layer of shredded motor car tyres beneath an asphalt skin, are noticeably more yielding than the American cement surfaces. Although they do get extremely hot in strong sunlight they could be the salvation of the professional game.

Certainly the gloomy injury situation has been exacerbated by the drift away from clay courts, where maintenance is so costly, to non-attendance on cement. However, greed is also to blame. Despite the complaints of the leading players that the 14 weeks they are asked to commit to the Grand Prix circuit, in addition to the eight weeks of the four Grand Slam Championships and Davis Cup duty, is too much, all of them compete from time

John Barrett on a game's victims

to time in special events and exhibition matches organised for them by their agents.

This very week the multi-million dollar Stuttgart tournament, organised by Becker's manager Jon Thrie, has lured away Lendl, John McEnroe, Tim Mayotte and others from the Benson and Hedges tournament, now in its 13th year at Wembley and part of the official circuit.

This problem will not go away even when the players organize their own tour, from 1990 onwards. The simple truth is that the sport has become too successful for its own good. The queue of companies and cities wanting to sponsor tournaments cannot be accommodated in an already crowded calendar. In his defence, Thrie did try to persuade the Men's Tennis Council to offer him a

London two weeks ago, and are not expected back. It remains to be seen whether the three International Tennis Federation members and the three tournament directors feel that they can stage a modified Grand Prix tour in 1990 without the commitment of any leading players. I very much doubt whether they should even try.

It is now certain that, from 1990 onwards, the main professional tour will be organised and administered by ATP. The four Grand Slam championships will remain independent while the Davis Cup and the Olympic Games will continue to be controlled by the ITF which will also remain as guardian of the Rules of Tennis and as promoter of amateur tennis through their 147 member nations.

The main talking point now is the shape that the ATP tour will take. It is reassuring to

note that the Lawn Tennis Association, through executive director Ian Peacock, and the All England Club, through chairman Bruce Haddingham, have taken the initiative to preserve the links between the players and the establishment.

They flew to Dallas this week for talks with ATP executive director Hamilton Jordan, a former chief of staff at the White House during Jimmy Carter's presidency, to explore ways of co-operating. This was timely because there was a real danger of the links being severed for ever, largely because of the stubbornness of Philippe Chatrier, president of the ITF.

It is sad that one who has contributed so much to the development of the game cannot understand that it is now evolving to suit the needs and pressures of the times. I see nothing wrong with the players controlling their own destiny so long as they recognise their obligations. They must cater for the needs of all their members, not just the stars - and must educate and discipline them so that they give value to sponsors and the public. They must support the Grand Slam championships, the Davis Cup and the Olympic Games where reputations are made.

However, calendar congestion and the problems from special events will not simply go away just because ATP is running the circuit. It remains to be seen whether Jimmy Carter's presidency, to explore ways of co-operating. This was timely because there was a real danger of the links being severed for ever, largely because of the stubbornness of Philippe Chatrier, president of the ITF.

Let us hope that ATP takes advantage of the present situation to make the fundamental changes that allow all to preserve the careers of today's crippled players.

CROSSWORD

No. 6,784 Set by CINEPHILE. Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday November 23, marked Crossword 6,784 on the envelope, to the Financial Times, 10 Cannon Street, London EC4A 3DF. Solution on Saturday November 26.

Crossword puzzle grid with numbers 1-25 in various positions.

ACROSS 1 Fighting among fish without courage (6) 2 Sound of sea bird without courage (6) 3 Nothing less includes nothing sinister (7) 4 Compiler asserts identity where there are pictures to copy (7) 5 Wanting the skill without courage (4) 6 Sport for king without courage (4) 7 Wife whose courage comes from liquor (5) 8 Poor lot turns north without courage (6) 9 Man's man maybe, I say nasty things about (8) 10 Object from wall in Paris (5) 11 Beasts without courage? I don't believe it! (4) 12 Salt leaves maynaise, making a speech (10) 13 They should have been included among things thatadden Daddy (7) 14 Can I? (Nice) (7) 15 Colour without courage (6) 16 Eastern Yanks may be without courage (6) DOWN 1 Stop and start commando (5) 2 Flier, crazy fellow, gets tight easily (4,3) 3 Hoodlum with shoes on a carless way to ride (9) 4 Clock up? Send by post, probably (5) 5 Put a cross against the name of vet or producer (4,3) 6 Number of the FT between Anthony and Eleanor? Definitely no! (3,4,3) 7 Where soldiers get money to give corporal help, we hear (3,5) 8 Outstanding performer gets

550 in 24 hours without courage (9) 15 Gallant, unlike 16 across? (6,3) 17 Australian archer or Cornish saint? (7) 18 Mother's transport at first is cosmetic (7) 21 Headless Arab has nothing to do with sound (5) 22 See 7

Solution to Puzzle No.6,783

Word search grid with words like CHALET, COMPOSER, DEBATE, PUNNELLA, MEG, LEG, BR, CONSTANT, THRIFT, LAID, SEASONABLE, MESS, THE, MARRIAGES, DEER, U, M, N, A, M, E, BRIDGE, SCORNING, LEVITON, SERVICE, A, A, B, S, D, S, UNDERAGE, STANDBY.

Solution and winners of Puzzle No.6,772

Word search grid with words like SILVER, OPACUOUSLY, ANTI, CHARGES, DUCK, BETULACEAE, A, O, K, N, R, N, B, E, I, T, H, G, O, U, T, H, G, R, O, C, E, R, Y, I, N, N, A, T, E, H, E, X, A, M, E, R, O, N, D, O, W, N, U, S, E, R, S, T, R, A, I, N, D, I, N, G, C, O, U, N, T, E, R, V, E, N, O, S, I, T, Y, M, E, D, I, C, I, N, E, M, R, G, V, F, I, E, L, D, S, O, N, B, R, I, G, G, S, O, U, T, H, H, U, M, B, E, R, S, I, D, E, M, M, G, O, A, L, Y, C, A, N, N, O, C, K, S, T, R, A, F, F, M, R, D, J, H, E, P, T, O, N, S, C, A, R, B, O, U, R, N, H, N, Y, O, R, K, S, H, I, R, E, M, S, P, O, R, T, R, E, Y, C, R, A, S, S, M, E, R, C, U, M, B, R, I, A, M, R, D, J, H, S, T, E, V, E, N, S, L, O, U, G, H, B, O, R, O, U, G, H, L, E, I, C, S.

TELEVISION & RADIO

SATURDAY

Television and radio schedule for Saturday, listing programs like BBC1, BBC2, Channel 4, S4C Wales, Granada, HTV, Anglia, Border, Central, Channel, Granpian, TSW, TVE, Tynes Tees, Ulster, Yorkshire, BBC Radio 2, BBC Radio 3, BBC Radio 4, TSW, TVE, Tynes Tees, Ulster, Yorkshire, BBC Radio 2, BBC Radio 3, BBC Radio 4.

SUNDAY

Television and radio schedule for Sunday, listing programs like BBC1, BBC2, Channel 4, S4C Wales, Granada, HTV, Anglia, Border, Central, Channel, Granpian, TSW, TVE, Tynes Tees, Ulster, Yorkshire, BBC Radio 2, BBC Radio 3, BBC Radio 4, TSW, TVE, Tynes Tees, Ulster, Yorkshire, BBC Radio 2, BBC Radio 3, BBC Radio 4.

Handwritten signature or text at the bottom of the page.